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MONTANA HIGHWAY PROGRAM

REPORT TO THE 50TH LEGISLATURE

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Workers pour concrete over epoxy coated reinforcing steel—one of the final phases of reconstruction of the railroad overpass at Havre. (Havre Daily News photo by Dick Keeney)

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The 50th Legislature faces a major policy decision regarding the future of Montana's primary highway system—funding for the Reconstruction Trust Fund (RTF). If Montanans are going to continue to see significant improvement in primary highways—the rural, two-lane roads that are most important to our citizens—*we* must pay for it.

Heavy traffic and temperature extremes over a period of twenty years led to extensive break-up of the Rogers Pass road on MT 200. The solution was to recycle the existing pavement using an experimental process, then overlay the entire section. The new surface will be stronger and last longer, at an affordable cost. (Montana Department of Highways photo)

MONTANA HIGHWAY PROGRAM REPORT TO THE 50TH LEGISLATURE

Montana Highway Commission

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Havre

Gerald Archambeault, Vice-Chairman
Glasgow

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Butte

Paul Foster
Billings

Roy Duff
Whitefish

Ted Schwinden, Governor

Gary J. Wicks, Director

Helena, Montana
November, 1986

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Report Highlights

- ☐ Travel in Montana is up 51% since 1970.
- ☐ Fuel consumption is down and, in turn, revenue is down. More vehicles are using the roads, but using less fuel.
- ☐ Eighty percent of Montana's roads are over 20 years old. Nearly 70% of the primary system needs improvement.
- ☐ With no alternatives available, a good highway system is all the more important to Montana communities.
- ☐ Federal-aid funds are, and will continue to be, insufficient to meet the needs on the primary system. Increased federal funding is unlikely. Congress' failure to reauthorize the highway program casts further uncertainty.
- ☐ Highway funding is complex. Cash needs must be projected years into the future.
- ☐ The 1983 Legislature addressed the gap between road needs and funding by establishing the Reconstruction Trust Fund (RTF). Investment of $40 million per year over ten years was authorized.
- ☐ The commitment to rebuild Montana's roads with Montana dollars and reorganization of the highway department led to one of the most active periods of highway construction in Montana history.
- ☐ Early completion of the interstate system allowed Montana to shift emphasis to the primary system. Primary highways, the two-lane rural roads such as US 2, US 93, MT 200 and US 87, serve more Montanans and carry as much or more traffic than the interstate highways.
- ☐ Work is started on many of Montana's most notorious road sections. From 1984-1987, approximately $580 million was spent on construction and design work progressed on roads Montanans want fixed most.
- ☐ Since 1983, over 700 miles of primary roads have been added to the "good to excellent" category.
- ☐ Of the current 17¢ tax on motor fuels, only 12¢ goes to build and maintain state roads. The remainder goes to the Montana Highway Patrol, local governments and other uses.
- ☐ By the end of fiscal '89, cash balances were projected to be below minimum levels. Recognizing this, the Montana Highway Commission was forced to eliminate the RTF. Future projects, if let to contract, likely couldn't be paid for.
- ☐ Without the RTF program, Montana will fall further and further behind.

DEPARTMENT OF HIGHWAYS

TED SCHWINDEN, GOVERNOR

2701 PROSPECT

STATE OF MONTANA

HELENA MONTANA 59620

November 13, 1986

The RTF program has been in operation for three years and results can be seen throughout the state. Work on long-overdue projects is under way and reconstruction of some of Montana's worst roads has started.

1988 was to be the mid-point of the 10-year program, but RTF funds are no longer available. As a result, RTF projects have been eliminated beginning in September, 1986. Without funding, work simply can't continue.

It was clear in 1983 funding was not sufficient to carry the program through the 10-year period; the RTF is a pay-as-you-go program. But last June, the Third Special Session of the Legislature reduced highway funding as part of a plan to balance the state's general fund. The Legislature transferred interest income and mineral royalties to the general fund from the highway fund, and directed that 100 percent of the Montana Highway Patrol costs be paid from the highway fund beginning in July, 1986.

Even with the 2¢-per-gallon gasoline tax increase, there was a significant loss to the highway program. As a result, the department's ability to issue bonds—a key element in funding the RTF program—was effectively negated.

This report provides basic information about the department, highway funds and needs and the projects scheduled to be let to contract under current funding and under a fully-funded RTF program. The difference between the two funding alternatives is crucial to Montana's highways.

In September, the Montana Highway Commission was forced to cut nearly a quarter-billion dollars in construction projects from the highway program. All of these projects must be built and paid for sometime. Without the RTF, we fall further and further behind.

Additional funding is necessary to reinstate these projects. Without question, the cost is substantial and the choices will not be easy.

In 1989, Montana will celebrate its Centennial. Whether Montana can compete economically with other western states during its second 100 years will depend to a large degree on the quality of its transportation system. Montana's highway system must be improved at least to the minimum level necessary to serve economic development and the needs of our citizens. The RTF program can provide these improvements at the least cost to Montanans.

Gary J. Wicks

GARY J. WICKS
DIRECTOR OF HIGHWAYS

AN EQUAL OPPORTUNITY EMPLOYER

I Closing the Gap

Anyone who travels in Montana can testify better roads are necessary and long overdue. Beginning in 1981, a diverse group went to work to address this need. The scrutiny of the Montana Highway Department that followed brought a wide range of changes, better service and better roads for Montanans.

The 48th Legislature acted on proposals from the Administration and recommendations from the Governor's Council on Management, the Governor's Transportation Advisory Council, a Joint Legislative Subcommittee on Highways, and a legislative audit report to provide the department with some of the tools necessary to begin reversing the deterioration of Montana's roads.

These changes led to one of the most active periods of highway construction in history. To continue this effort, however, the 50th Legislature must renew the commitment.

Montana is not unique in one regard; like many states, needed highway improvements far exceed the amount of funds available. There are 78,524 miles of highways and roads in Montana serving 147,000 square miles of geographic and climatic diversity. Montana is fourth largest in land area, but has one of the lowest population densities in the nation.

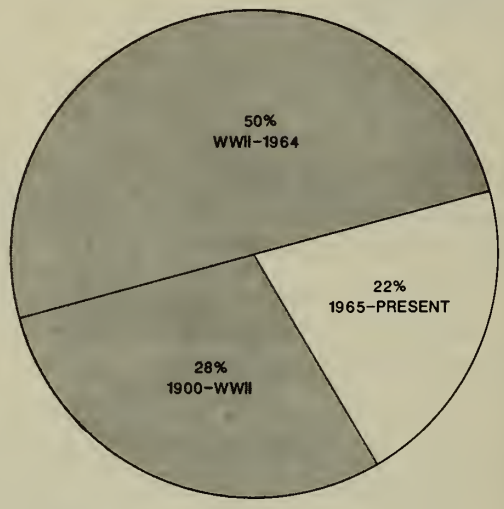
With no alternatives available to most communities, a good highway system is all the more important.

With no alternatives available to most communities, a good highway transportation system is all the more important. The livelihood and prosperity of many Montanans, as well as the state's tourism, manufacturing, farm, forest and mineral industries, rely on highways.

As shown on the accompanying map, Montana's primary highways, the system of rural, two-lane roads that serve most Montanans, in many cases carry as much traffic as the interstate highways.

Federal funds now generally meet the needs on the interstate highway system, but federal funds are, and will continue to be, insufficient to meet the needs on the state's primary system. Most of these roads were built over 20 years ago and a large portion were built prior to World War II.

Age of the Primary System



The creation of the Reconstruction Trust Fund (RTF) was designed to address the shortfall of federal funds. The 48th Legislature, based on studies in 1981 and 1982, created the 10-year RTF program to reverse the deterioration of the state's primary system. It authorized a $40 million-per-year reconstruction and pavement preservation program. The 48th Legislature also provided partial funding by:

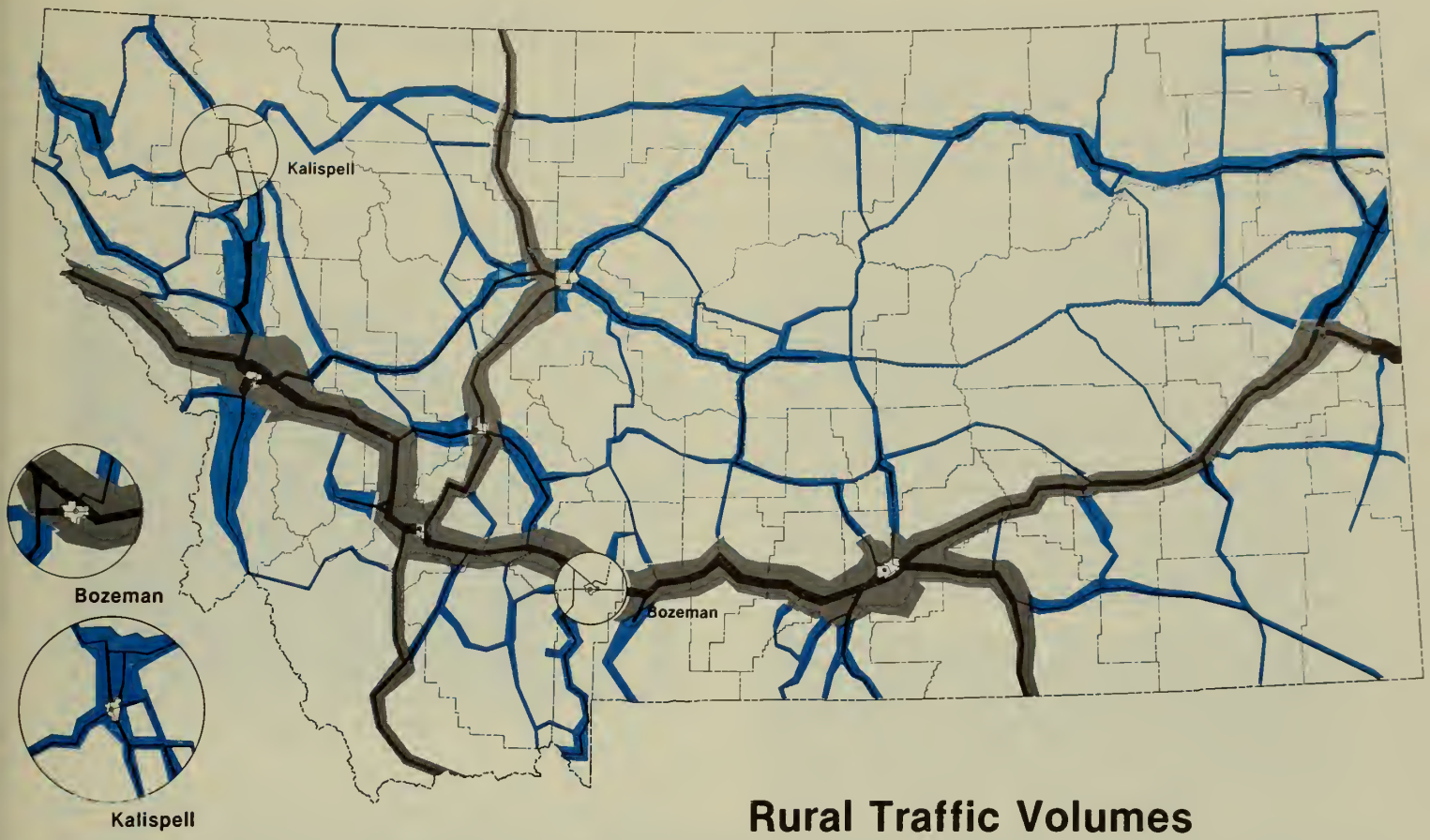
- increasing the motor fuel taxes on gasoline and diesel;
- dedicating a portion of the coal severance taxes; and,
- authorizing the Department of Highways to issue bonds up to a total of $150 million.

In addition:

- The 48th Legislature expanded the highway commission's authority in project selection and prioritization and determining highway sufficiency levels for fund apportionment.

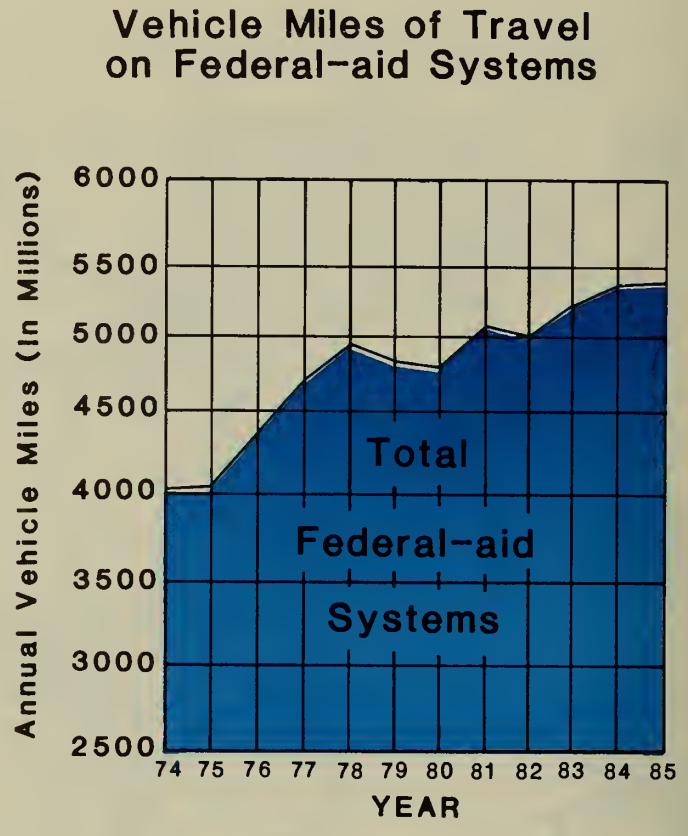
Federal aid funds are, and will continue to be, insufficient to meet the needs on the state's primary highways.

- The legislature also authorized development and implementation of automated management information systems to create a more effective and efficient department. These include systems for:
  - -- Project Management,
  - -- Construction Management,
  - -- Maintenance Management,
  - -- Equipment Management, and
  - -- Pavement Management.


Kalispell
Bozeman
Bozeman
Kalispell
Rural Traffic Volumes
Interstate
Primary
Commercial

- The 48th Legislature restructured the financial districts by reducing the number of districts from 12 to 5, but specifically excluded the RTF program from the district financial constraints. This enables the department and the highway commission to better direct funds where they are most needed, while maintaining a balanced program.
- The Surface Transportation Assistance Act of 1982 provided additional funding, mostly for bridges and interstate highways. Congress increased fuel taxes at the national level to provide the additional funding.
- The $150 million bond program had a significant impact. The department issued bond anticipation notes in 1983 ($43 million) to accelerate completion of the interstate system in Montana. Several major "closing the gap" projects, such as Springdale West on I-90 and the large Butte - Basin gap on I-15, are being completed through the use of bond proceeds. The program will allow the department to complete the interstate system in Montana during 1988, more than four years ahead of schedule.

  In addition to the anticipation notes, the department issued $64 million in highway bonds in 1983. The purpose of these bonds was to provide matching funds for the expanded federal-aid program and to provide initial state funding for the RTF program. Of the $150 million authorized, a total of $107 million has been issued since 1983. ■



Travel in Montana is up 51% since 1970.

Most of Montanas roads—80%—are over 20 years old and many were built prior to World War II. (Department of Highways photo)

Modified Standards

In its report to the 48th Legislature in 1983, the department summarized needs on the state's 11,780-mile federal-aid system based on "full design standards." These standards, developed by the American Association of State Highway and Transportation Officials (AASHTO) dictate to a large degree characteristics of highway construction across the country.

The department concluded the cost to improve the state's highway system to full design standards was prohibitive. Full design standards, while appropriate for high-volume traffic and high-growth areas, fail to take into account conditions common to rural, sparsely populated states like Montana. Based on projected revenue, Montana could meet only 23 percent of the full design standard needs over the 1983-1993 year period. Thus, a more realistic approach was sought, one which recognized limited funding and design standards more suitable to Montana.

Application of modified standards shortened the gap between needs and available funds. Under this approach, reconstruction to full design standards is a justifiable investment only on high-volume routes having a low sufficiency rating (40 percent or less). Routes with a sufficiency rating over 40 percent (in fair to good condition) can usually be maintained with more modest improvements.

The highway program approved by the 48th Legislature was premised on this modified approach to meeting Montana's highway needs. It was the first commitment to limited reconstruction and expanded preventive maintenance as cost effective ways to use limited resources. It resulted in a long-range program that would greatly improve state highways, but at an affordable cost.

The department concluded:

- Completion of the *interstate* is a high priority for both federal and state interests. Construction must proceed pursuant to federal design standards. But pavement preservation can be stretched out on a longer cycle.
- Nearly 70 percent of the *primary* system needs some form of improvement during the 1983-1993 period. Only critically deficient sections would be candidates for full reconstruction. In 1983, there were 458 miles of critically deficient roads - "red roads" - needing reconstruction. In addition, about five more miles fall into the red road category each year. Thus, reconstruction needs would require reconstructing 50 miles per year through 1993.
- Ten-year needs on the *secondary* and *urban* systems are substantial. About 12 percent of the secondary mileage and 45 percent of urban mileage require some level of major reconstruction or widening and repaving.

Local governments, during state fiscal year 1985 and through the third quarter of fiscal year 1986, received $7.7 million of state earmarked highway funds for local road improvements. Even so, funding falls far short of meeting needs. ■

Trade-offs

While this approach will produce significant improvement to Montana's transportation system there are some recognized trade-offs.

A substantial amount of the primary system mileage is over 40 years old and does not meet "all weather" road design requirements. Some of Montana's drifting problems and road closures due to snow could be avoided through reconstruction or methods to remove and flatten the slopes.

Under modified standards many of these reconstruction needs will not be addressed. Highway 2 near East Glacier is a good example; the roadway sufficiency is reasonably good but it is historically closed to traffic several days each year due to heavy drifting. To correct the problem would require major reconstruction, but under modified service levels, this road would not be eligible.

Load limits pose an economic impact to the trucking industry and place added traffic burden on the alternate routes trucks travel to reach their destination. But again, not all of these reconstruction needs will be met. For example, Highway 2 near Libby is a heavily traveled road with a relatively high percentage of large truck traffic. The road was built in the 1930s and, over the past several years, it has been necessary to impose load restrictions for about 43 days each spring to avoid structural damage to the road. Reconstructing this section would improve service considerably for large trucks and others who share the road, but reconstruction is not a consideration because of the high cost.

In the past, the department had reconstructed sections of highways to the 40-foot-wide paved standard, regardless of the volume of traffic. While this provided a wider and safer road, it is difficult to justify from an economic standpoint when Montana has so many miles of high-volume primary roads (average daily traffic (ADT) over 3,000) that are very narrow.

Future reconstruction of two-lane rural primary segments, in many cases, will be built to 28- or 32-foot-wide paved standards. ■

II Progress

Montanans have seen a big increase in the number of miles of highways improved in the last three years. This progress is largely the result of the commitment made by the 48th Legislature and the Administration to rebuild Montana's roads with Montana dollars.

Passage of the Reconstruction Trust Fund (RTF) program was a major step towards improving the condition of Montana's primary highway system. One example is the commitment to preventive maintenance. Before 1983, the department did not have an effective seal and cover preventive maintenance program. In the last three years, the department has been able to *more than triple* the number of miles of seal and cover work. This preventive measure extends the life of good roads, allowing more attention to be focused on costly widening and reconstruction projects.

The big increase in highway improvements in the last three years is the result of a commitment to rebuild Montana's roads with Montana dollars.

The department's project selection process is another significant factor in the success of the highway program.

Today, the Montana Highway Commission selects and prioritizes projects up to seven years in advance of construction. The commission's decisions are based on recommendations from field staff, local people and from project analyses. Project analysis considers pavement condition, available funding, cost effectiveness, geographic balance based on a formula approved by the legislature, and roadway sufficiency (soundness of the roadway, safety and design hazards, and capacity to handle existing traffic). This systematic process provides an objective analysis of highway needs and ensures work is done where it is most needed.

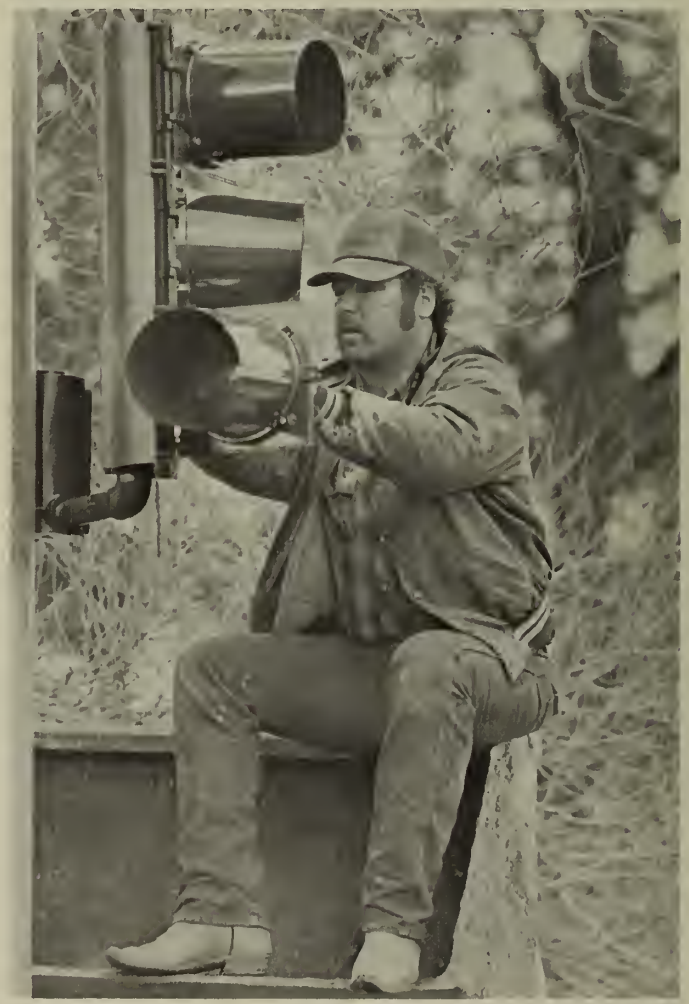
A systematic process of selecting and prioritizing construction projects ensures work is done where it is most needed.

The results?

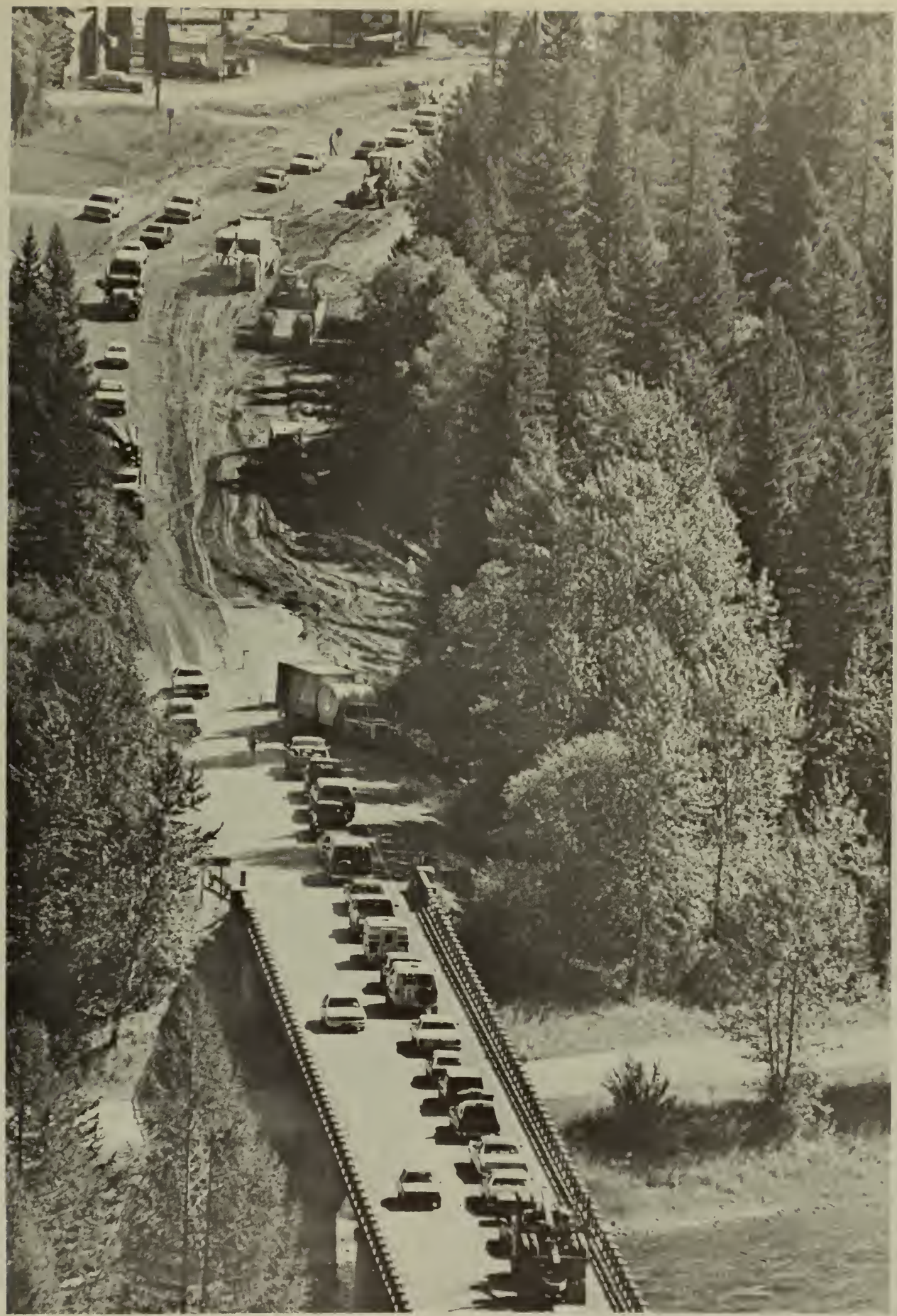
In 1986, the department let the last project to contract to complete the *interstate* system. It has required three decades and over $1 billion to complete, the largest single public works project ever built in Montana.

On the primary system, 10-year reconstruction needs were based on a little over 50 miles of primary highway reconstruction annually. During the past four years, the department has met about 96 percent of the annual reconstruction needs.

Major projects like Hungry Horse-West Glacier on US 2, Sidney-Fairview, Bowman's Corner Northeast and Rainbow Bend (east of Missoula) on MT 200, Evaro Hill on US 93 and Belt East and West on US 87 are complete or nearing completion.



Traffic signals and speed zone signs are often bones of contention. Signs and signals are discussed at local meetings before being approved by the Montana Highway Commission. Contractors or local highway maintenance crews do the installation work. (Bozeman Daily Chronicle photo—Albert Dickson)



Work on Highway 2 near Hungry Horse snarled traffic, but reconstruction of this treacherous highway is a welcome relief for travelers. (Hungry Horse News photo)

What's more, work is underway on many of Montana's most notorious road sections, work that would not be possible without the shift in emphasis to the primary system and state funding under the RTF.

Another indication of results on the primary system is the overall improvement in the condition of the primary system pavement. An on-the-road ride measuring device assigns road sections a numerical score called the Present Serviceability Index (PSI). The index ranges from zero to five, with five being a perfect pavement.

Current PSI ratings indicate a 7.7 percent improvement on the primary system since 1983. (This compares to the 5.6 percent improvement on the interstate system using federal interstate 4R funds.) Since 1983, 714 miles of the 5,500-mile primary system have been added to the three to five PSI categories, good to excellent.

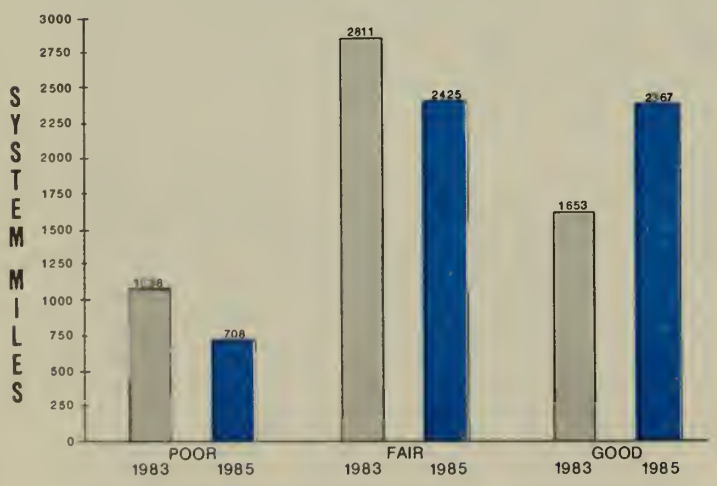
In addition to meeting annual goals for improvement to the interstate and primary systems, the department will have completed, by the end of the first four years, *major improvements* to 289 miles of the secondary system; 11 miles of major urban street improvements; and replaced or rehabilitated 99 on-system bridges and 34 off-system bridges.

In fulfilling the state's commitment to rebuild Montana's highways, the department will have spent approximately $580 million on construction during the 1984-1987 period. ■

Highway construction in the mountains of western Montana requires heavy equipment. (Hungry Horse News photo—Scott Crandell)

The Primary System in 1983 vs 1985

Comparing Pavement Surface Conditions



SET BACK — The Special Session

An integral part of the Governor's proposal on highway funding during the Third Special Session was to issue the remainder of the $150 million bond authorization. The 5¢ gasoline and 3¢ diesel per-gallon increase proposed and the use of the remaining debt would have carried the RTF program through the end of the 1980s at the $40-million-per-year level. With the transfer of revenue to the general fund, the assumption of 100 percent of the highway patrol operation costs from the highway fund, and passage of only 2¢ additional tax on gasoline, revenue is inadequate to continue the program and the department's ability to issue the remaining bonds was effectively negated. ■

Survey work must often be repeated as detailed design plans are finalized and new information is required. Once construction starts, the work usually goes fast—weather permitting. (Top—Laurel Outlook photo by George Maas. Below —Havre Daily News photo by Dick Keeney)

III Construction without the RTF

With a fully-funded RTF program, over the next six years the department planned to improve 2,800 miles of the primary system, of which 195 miles is reconstruction of critically deficient red roads.

Without a renewed commitment by the state to funding, the added attention to the primary system made possible by the RTF program will stall. The primary program would essentially be where it was prior to 1983, a federally-funded program.

The department's pavement preservation program on the primary system would be eliminated with virtually no seal and cover work done. Since seal and cover is considered a maintenance activity, it is not eligible for federal participation.

As a result, approximately 600 miles of seal and cover work and approximately 800 miles of low-cost pavement rehabilitation such as rut-filling, leveling, etc., will be dropped. Repaving must be cut back and badly needed reconstruction projects will be delayed several years or more.

Of the 2,800 miles identified for improvement during the period, only 830 miles can be improved with the current funding available.

Montana, without a fully-funded program, can expect a 56 percent shortfall in meeting the needs of the state's system. More important, there would be 114 miles of "red roads" that clearly could not be reconstructed without a fully-funded program.

Without a renewed commitment, the added attention to primary roads made possible by the RTF will stall.

Federal funding is just not enough to take care of Montana's highway needs. The 48th Legislature recognized that federal-aid funds were insufficient to meet Montana's primary system needs when they authorized the $40-million-per-year RTF program.

On the interstate, the department plans to repave 400 miles, reconstruct three existing interchanges to improve their operation, and construct three new interchanges at various locations by 1993. It may be possible, however, in the future for the highway commission to redirect interstate 4R funds to the primary system. If the RTF program is not funded, the department may request that the 4R funds be redirected to the primary program and the three new interchanges be dropped from the program.

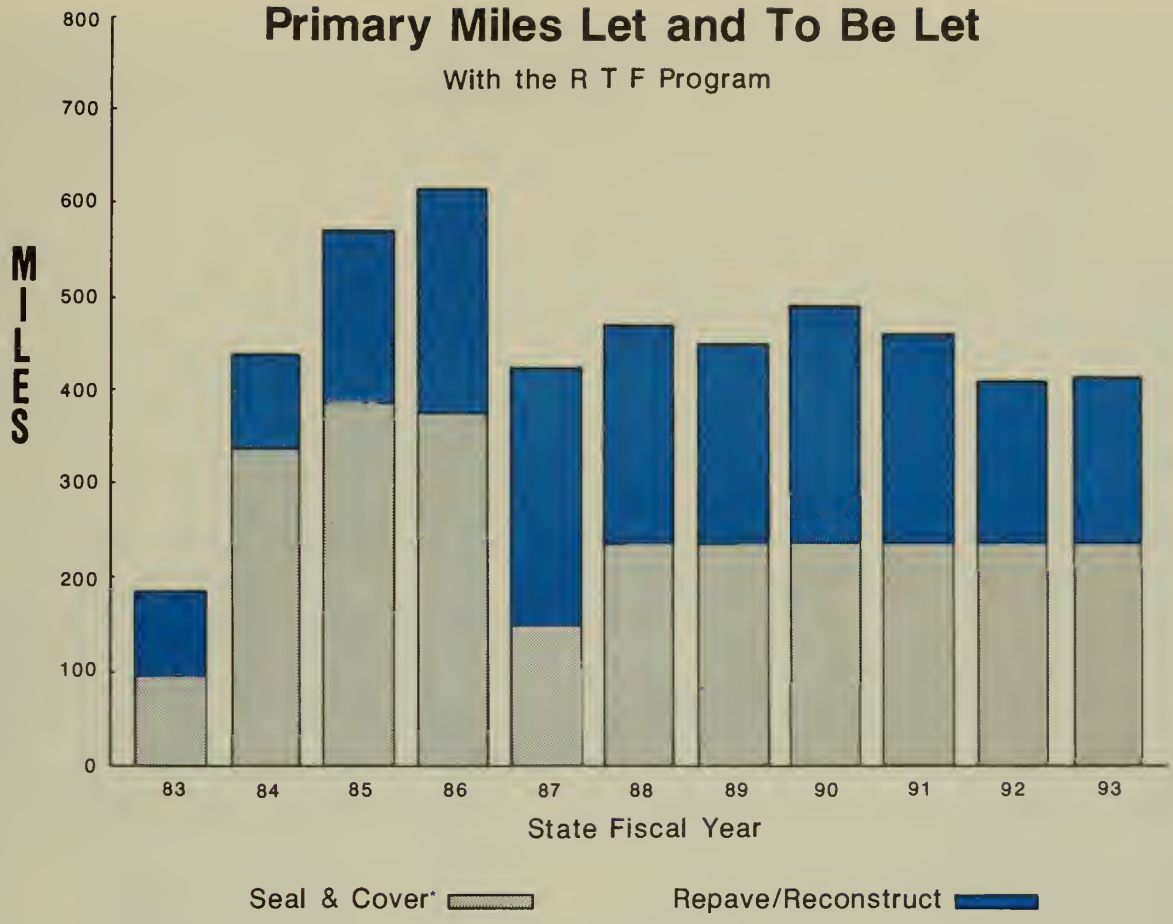
During the first four years of the RTF program, the department has made substantial progress. (Independent Record photo—Eugene Fischer)

The department plans to proceed with the construction of the new Johnson Lane interchange on I-90 east of Billings in 1987 using a combination of interstate 4R funds and funds generated by a locally-approved Urban Transportation District. The construction of this new interchange is a prime example of state and local cooperation.

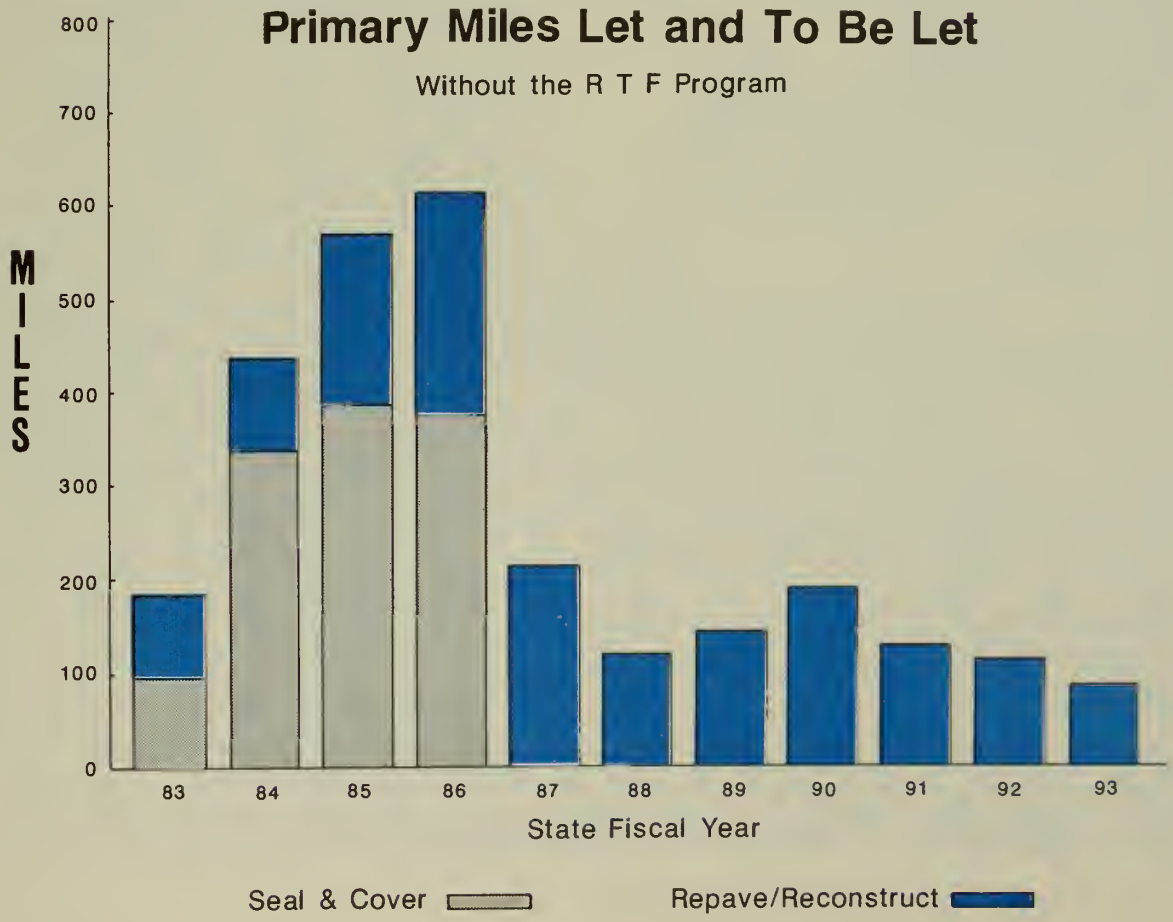
The department plans to continue the work on the secondary and urban systems at the current level, provided the current level of funding continues to be authorized by the federal government. A total of 350 miles of secondary road and 15 miles of major urban street improvements are planned. Further, the department plans work on 200 on- and off-system bridges, of which 160 are critically deficient and need replacing.

During the first 4 years of the 10-year RTF program, the department has made substantial progress. The continuation of the 100 percent state-funded RTF program at the $40-million-per-year level would mean that the 10-year reconstruction needs and pavement preservation could be met. Without it, the 10-year program authorized in 1983 must be abandoned.

If funding for the RTF is reinstituted, projects shown in blue on the map on pages 17 and 18 will be rescheduled for future construction. ■



*Mileage includes seal and cover and improvements such as rut filling, leveling, thin overlays, etc. not yet identified by specific project. Mileage is estimated based on average costs.



IV Financing Highways

Highway program financing is complex. Unlike most other state and public agencies, the highway construction program obligates funds but does not actually spend those funds until much later: funds aren't spent until work is under way.

Under the federal-aid contract authority method, the department enters into a contract for highway construction in one year, but does not receive any actual cash from the federal-aid program until payments on the contract are made— one, two or three years later.

The federal-aid program is a reimbursement program that takes place over time, with the level of obligation dictated by Congress.

From a legislative budgeting perspective, this creates a problem of understanding what the department's operating budget and requested appropriations for the construction program represent.

Construction budget requests are based on two major elements—spending authority for projects already let to contract and under way that will carry through into the next budget cycle, and spending authority for new projects that will be let to contract during the next budget cycle that will create cash needs during that cycle. Additionally, several projects may be let during the next budget cycle that will not generate cash needs during that period, but at some time in the future.

Federal Matching Requirements

	Federal Percent	State Percent
Interstate & Interstate 4R	91.20	8.80
Primary	78.31	21.69
Secondary	78.31	21.69
Urban	78.31	21.69
Bridges	80.0	20.0
Safety & RR Crossings	90.0	10.0

For example, the two large construction projects to complete the Elk Park - Basin segment of I-15 between Helena and Butte were let to contract in June, 1984, the end of fiscal 1984. These two projects are now complete, but have incurred expenditures through fiscal 1987, crossing two biennia.

Two legislatures, the 48th and 49th, authorized spending for these projects. The 48th Legislature authorized funding before the start of the projects and could have delayed their start-up by reducing or denying the appropriation. On the other hand, the 49th Legislature did not have the option of reducing the appropriation for these projects because the department had contractually obligated the state for payment of the funds as work was completed.

Each legislature faces the same situation—appropriations for the department include funds for work currently under way and commitments for future work.

In preparing the department's operating budgets and proposed program for the future, the department is faced with the difficult task of projecting revenue and estimating cash flow and cash balances to ensure there are enough funds to pay the contracts.

Federal Aid Apportionments, Obligations, and Cash Reimbursements ($000)

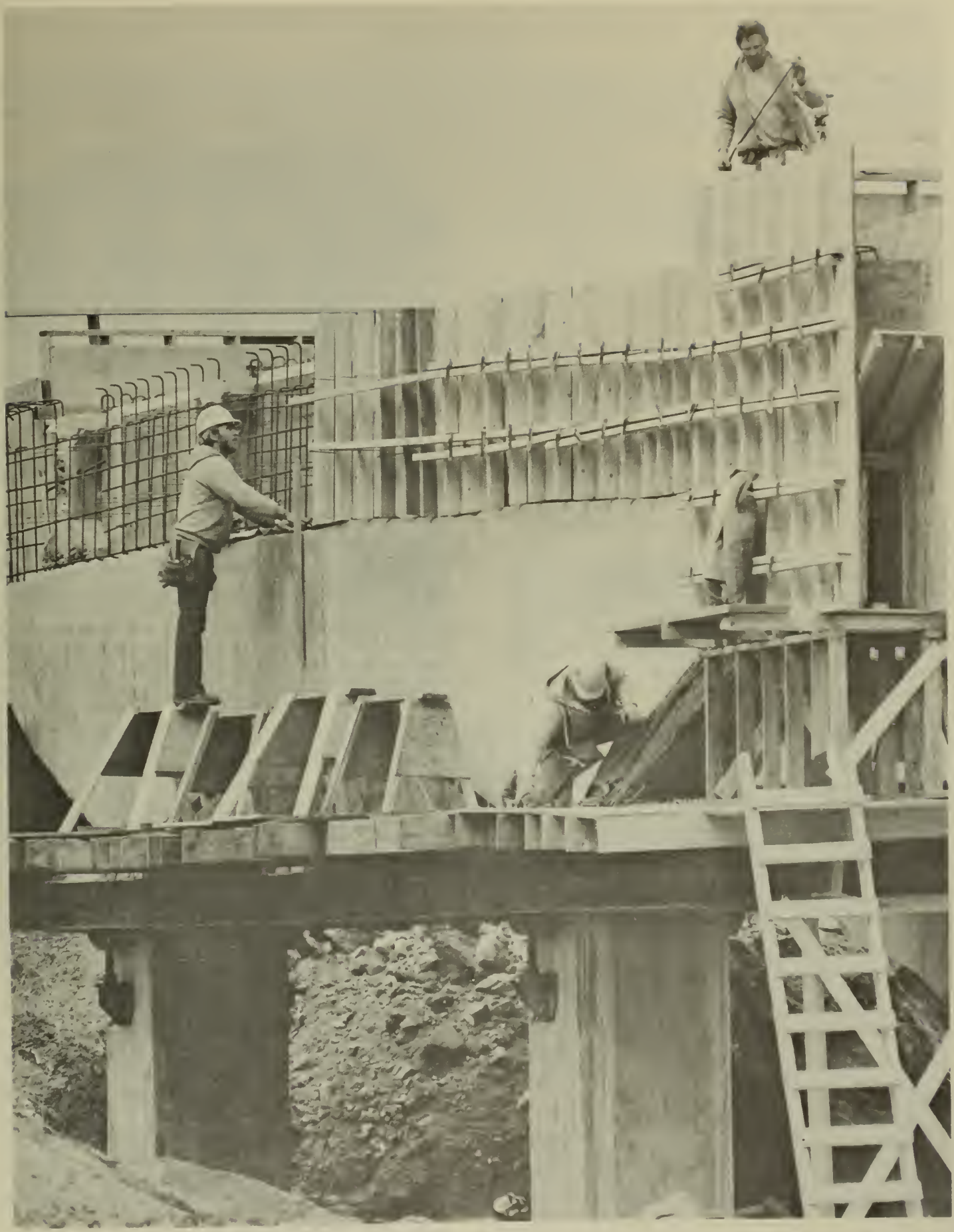
	Apportionments	Obligations	Cash Reimbursements
FFY 1978	$ 71,139	$ 74,083	$ 87,461
1979	175,679 (1	155,145 (1	76,539
1980	87,413	82,728	133,273
1981	77,325	87,941	122,521
1982	64,108	66,128	72,566
1983	134,018 (2	139,322 (2	84,797
1984	110,943	107,143	108,533
1985	127,701	125,099	128,383
1986	120,128	109,727	129,073
1987	Unknown	Unknown	114,993 (est.)

1) Includes $101.3 million of Interstate Discretionary funds.
2) Includes $33.7 million of Interstate Discretionary funds.

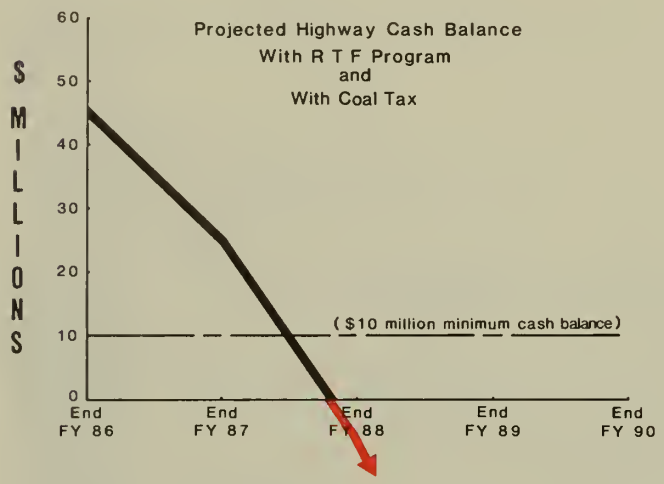
The 99th Congress failed to reauthorize the Federal Highway Program for fiscal 1987-1990. This failure forced the department to delay or cancel scheduled federal-aid contract lettings due to the lack of federal authority for fiscal 1987. The length of delay is dependent upon how quickly the 100th Congress acts on reauthorizing the program.

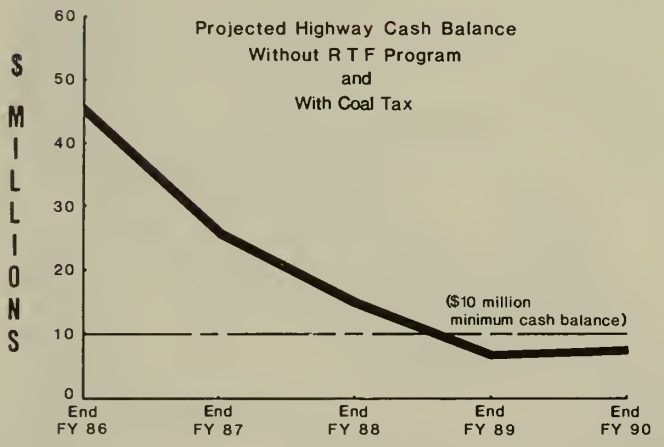
The failure of the 99th Congress to act points out the critical need for a state-funded program. Due to the absence of primary system federal-aid authority and the lack of RTF funding, virtually little work will be accomplished on the state's primary system for the remainder of fiscal 1987. If RTF funds were presently available, work on the primary system could have continued even in the absence of federal authority.

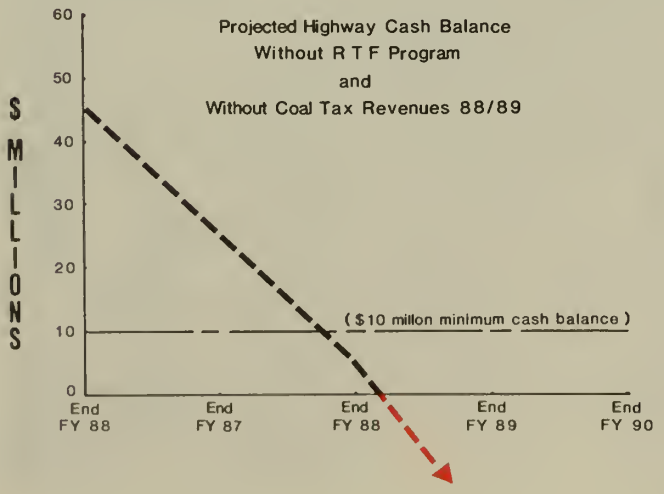
The outlook for increased federal-aid funding is not promising. The initial increase in funding in 1983 resulting from the 1982 Surface Transportation Assistance Act has slowly and persistently been reduced due to the increasing federal deficit. While not available by law for general funding purposes, the Federal Transportation Trust Fund is considered to be "on budget" and is used as part of the overall federal deficit management policy. Therefore, Congress has limited spending from the fund in its effort to reduce the deficit.



Construction workers ready forms for concrete on an overpass at Woodville Hill north of Butte. This work was completed years ahead of schedule, thanks to a bonding program approved by the 48th Legislature. (Montana Standard photo—Walter Hinick)







The most optimistic scenario for federal funding would be a continuation of the current level of funding, or a slight reduction.

The $64 million in highway bonds issued in 1983 are now scheduled to be paid off during fiscal 1991. This issue had a very positive impact—it provided funding to accelerate new construction on the primary system, matched increased federal funds and increased interest income to the state general fund. However, the bonds must now be paid off from existing highway revenues. For fiscal 1987, the debt service amount is approximately $16 million, equivalent to 3¢-per-gallon motor fuel taxes.

The proceeds of the $64 million bond sale will be spent by the end of fiscal 1987. Highway funds will be used in increased amounts to match federal-aid funds in addition to meeting the debt service requirements.

Unless coal tax revenue is retained or substitute revenue is found the department will be unable to match available federal funds.

At the beginning of fiscal 1987, the department had a working cash balance of approximately $46 million in the highway fund. This cash balance is the result of using bond proceeds to match federal aid and implement the RTF program. Because the bond proceeds are almost spent, the cash balance will be drawn down—1988 and 1989 federal-aid funds must be matched and RTF projects already let to contract and underway must be paid for.

If expenditures continued at the authorized level, by the end of fiscal 1989 the cash balance was projected to be well below the $10 million minimum set by the 49th Legislature.

Even with elimination of the RTF program and retention of coal tax revenues, the projected cash balance is insufficient. Without retention of coal tax revenues for the 1988-89 biennium, the department would be unable to match federal funds.

In September, 1986, the Montana Highway Commission, in recognition of the cash balance position, totally eliminated the RTF program during fiscal 1987 and beyond. Because of the cash position, no new RTF projects can be let to contract.

As discussed previously, the Governor's proposal to the Third Special Session would have enabled the department to issue the remainder of authorized debt. The department also would have refunded the existing debt to reduce the annual cost of debt service, making available more use of existing revenue.

Fuel Tax Receipts, 1975-1987

($000)

Fiscal Year	Gasoline	Diesel	Total	Percent Change	
1975	$29,156	$ 6,703	$35,859	--	
1976	32,723	7,915	40,638	13	
1977	34,552	8,787	43,339	7	
1978	36,893	9,252	46,145	6	
1979	37,603	9,907	47,510	3	
1980	39,189	10,788	49,977	5	
1981	36,272	11,777	48,049	(4)	
1982	36,816	11,591	48,407	1	
1983	36,133	11,877	48,010	(.8)	
1984	60,194	17,793	77,987	62	(1
1985	60,949	19,279	80,228	3	
1986	59,566	18,577	78,143	(3)	
1987	65,300	18,577	83,877	7	(2

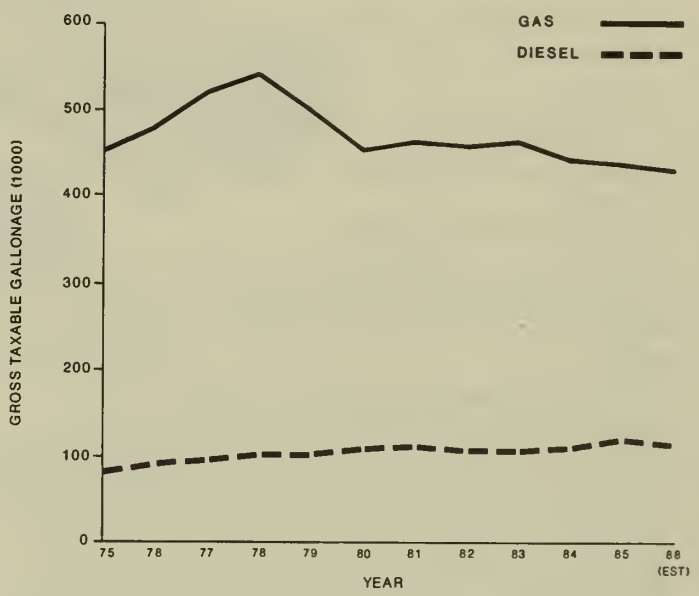
1) Includes 6¢ per gallon increase by 1983 Legislature.

2) Includes 2¢ per gallon gas increase by Special Session III.

When the bonds were issued, it was anticipated motor fuel taxes would generate more revenues than have actually been received. Fuel consumption is down and, in turn, revenues are down. Despite the increase in miles driven, lighter and more fuel-efficient vehicles mean less fuel is being sold, hence, less revenue.

This trend is national. A June, 1986, report by the Road Information Program shows in 1984 the average vehicle

Montana Motor Fuels Gallons/Year



achieved 14.5 miles per gallon, as compared to 11.8 in 1957. In dollar terms, the 1957 driver who traveled 10,000 miles used 847 gallons of gasoline and a 1¢ gas tax produced $8.47 in taxes. The 1984 driver would pay only $6.90 in taxes to drive the same distance. More and more vehicles are using the highways, but less revenues are being produced to reconstruct or maintain those highways.

(Laurel Outlook photo—George Maas)

The department's financial priorities are:

1. Keep the maintenance program at the present level of service;
2. Match all federal-aid program funds to maximize the use of federal aid;
3. Meet the debt service requirements on the bonds; and,
4. Fund the RTF program.

Given the present funding situation, priority No. 4 cannot be met. However, given the needs of the primary system, the RTF is priority No. 1 for the construction program.

With the passage of the Surface Transportation Assistance Act of 1982 (1982 STAA) by Congress, Montana received increased federal-aid funding beginning in fiscal 1983. As noted elsewhere in this report, the federal deficit situation has caused Congress to obligate less funds annually than could otherwise be released. The department, because of its adherence to project scheduling and programming, has been able to use all of its obligation authority and, therefore, has not lost any available federal funding.

Distribution of federal-aid interstate, primary, secondary and urban construction funds is set by the state Financial District Law. The intent is that each highway system and area of the state receive a fair share of highway construction funds. Only state highway matching funds are subject to this law, but since state money is used to match federal funds, the net effect is even distribution of all construction money.

Major federal-aid programs for which funds are administered on a statewide basis include the interstate 4R (Reconstruction, Rehabilitation, Resurfacing, Restoration), Highway Bridge Replacement and Rehabilitation and Highway Safety programs. Montana also benefits from direct federal funding provided under the Forest Highway and Public Lands programs.

Highway program revenues are derived from four major sources: federal-aid, gross vehicle weight fees and permits, gasoline taxes, and special fuel (diesel) taxes. Of the revenues generated at the state level from user fees—GVW, gas and diesel—the highway program receives approximately 78 percent for the highway program purposes, with the remaining 22 percent used by other state agencies and local governments. Of the 17¢-per-gallon state tax on gas and diesel, approximately 12¢ is available for highway program purposes, including debt service on the bonds. The remaining 5¢ is used for the highway patrol, local governments, and the Montana Departments of Commerce and Revenue.

As previously discussed, revenues from user fees have steadily declined in the last four years. Even diesel fuel sales, which showed steady increases in the past years, declined during fiscal 1986. Current projections on gasoline revenues indicate that if the trend continues for the next four years, by 1991 revenues will be approximately the same as those in 1985 despite the 2¢-per-gallon increase provided by the Third Special Session in June, 1986.

Two major programs, construction and maintenance, use nearly 79 percent of all the funds spent by the department. Construction, by far the largest program, is most vulnerable to changes in federal funding. Further, this program will be directly affected by the elimination of the RTF program in 1988 and beyond.

The remaining department programs, including maintenance, have maintained a stable spending pattern over the years, and increases are generally due to inflation and wage increases.

The "Transfer to Other Agencies" category includes the amounts passed through to local governments, highway patrol, and other agencies. These non-direct highway programs accounted for 18 percent of the highway program expenditures from the state fund in fiscal 1986, and will increase in fiscal 1987 due to assumption of 100 percent of the highway patrol operating costs. ■

Highway Special Revenue Account Revenues

	Fiscal 1986	Fiscal 1987 (projected)
Gross Vehicle Weight Income	$ 22,583,650	$ 22,809,487
Gasoline Tax	59,576,264	65,299,704 (1
Diesel Tax	18,576,576	18,576,576
Accounts Receivable	1,014,755	1,014,755
Interest Income	3,466,058	-0- (2
Total	$105,217,303	$107,700,522

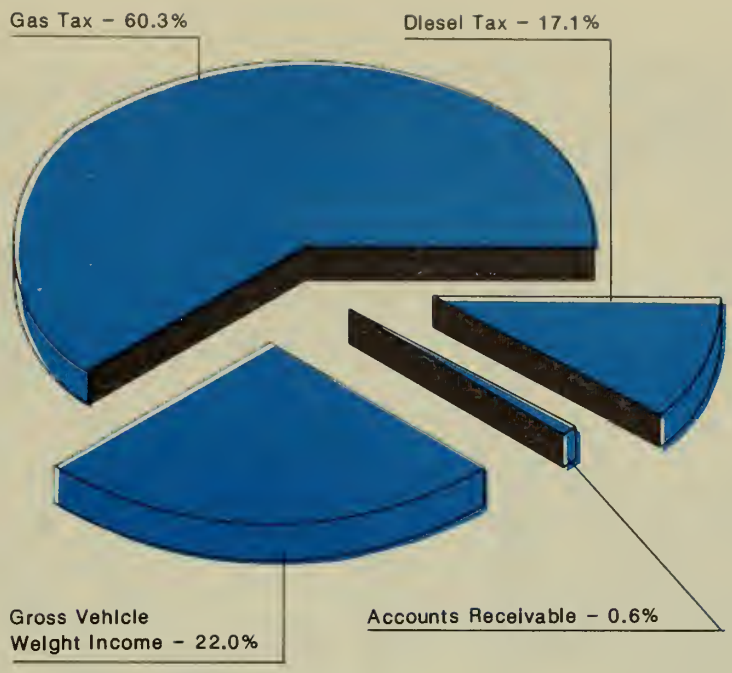
Disbursements

Highway Program	$ 68,776,650	$ 57,273,211
City-County Distribution	14,075,000	14,075,000
Highway Patrol	6,913,827	9,351,765 (3
Department of Revenue	787,852	753,879
Statewide Building	1,378,992	1,379,819
Equipment Bureau Capital	2,910,182	2,247,850
Department of Commerce	75,000	75,000
Bond Expenditures	14,127,179	15,975,094
Transfer to RTF	13,336,604	26,200,200
Total	$122,381,286	$127,331,818

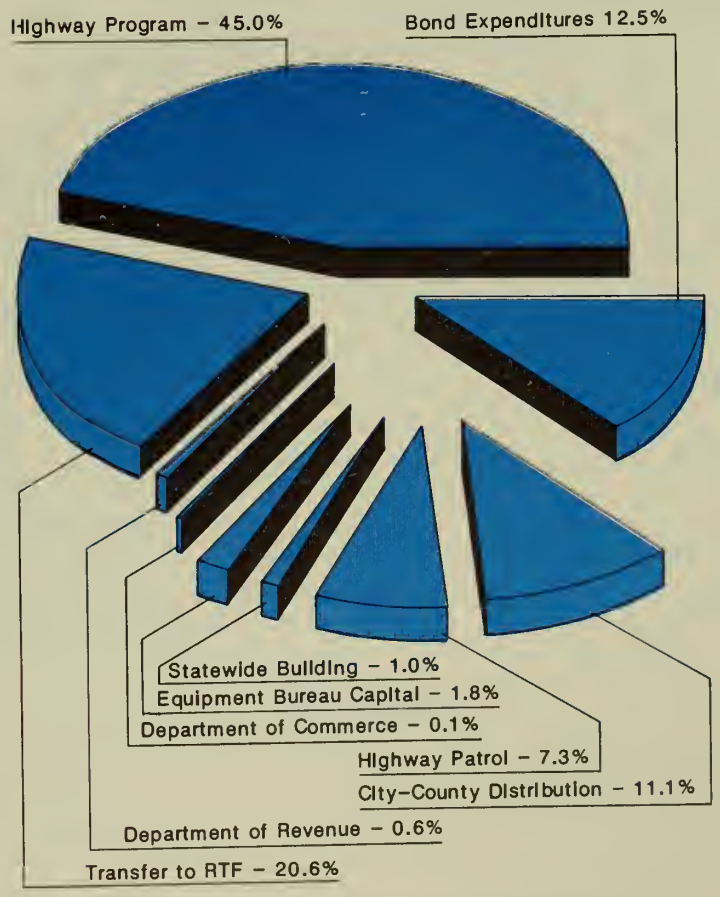
1) Includes est.mated increase due to 2¢ per gallon increase approved by Third Sepcial Session.

2) Transfer of Interest Income to General fund per Third Special Session.

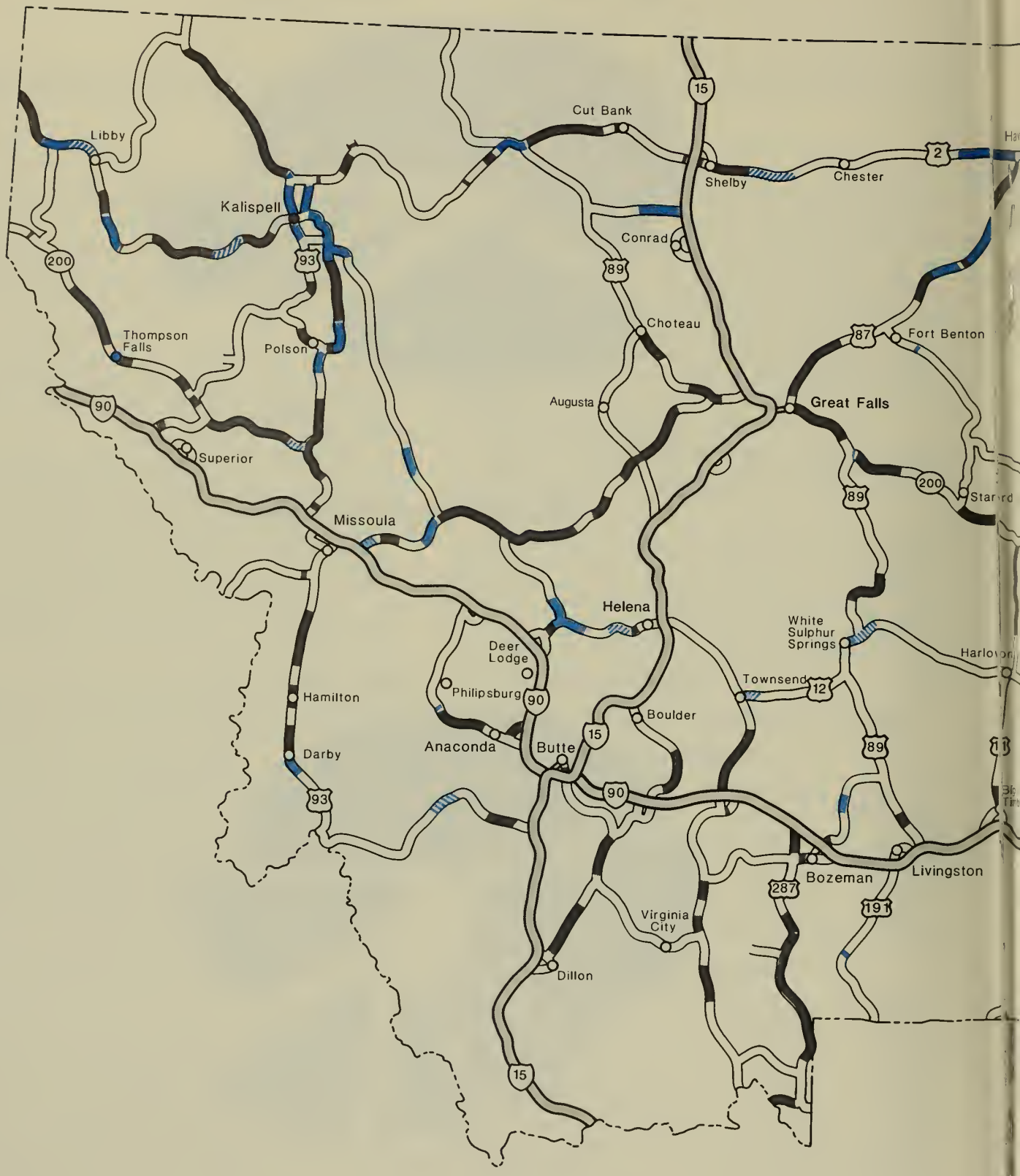
3) 100% of Highway Patrol costs assumed per Third Special Session.

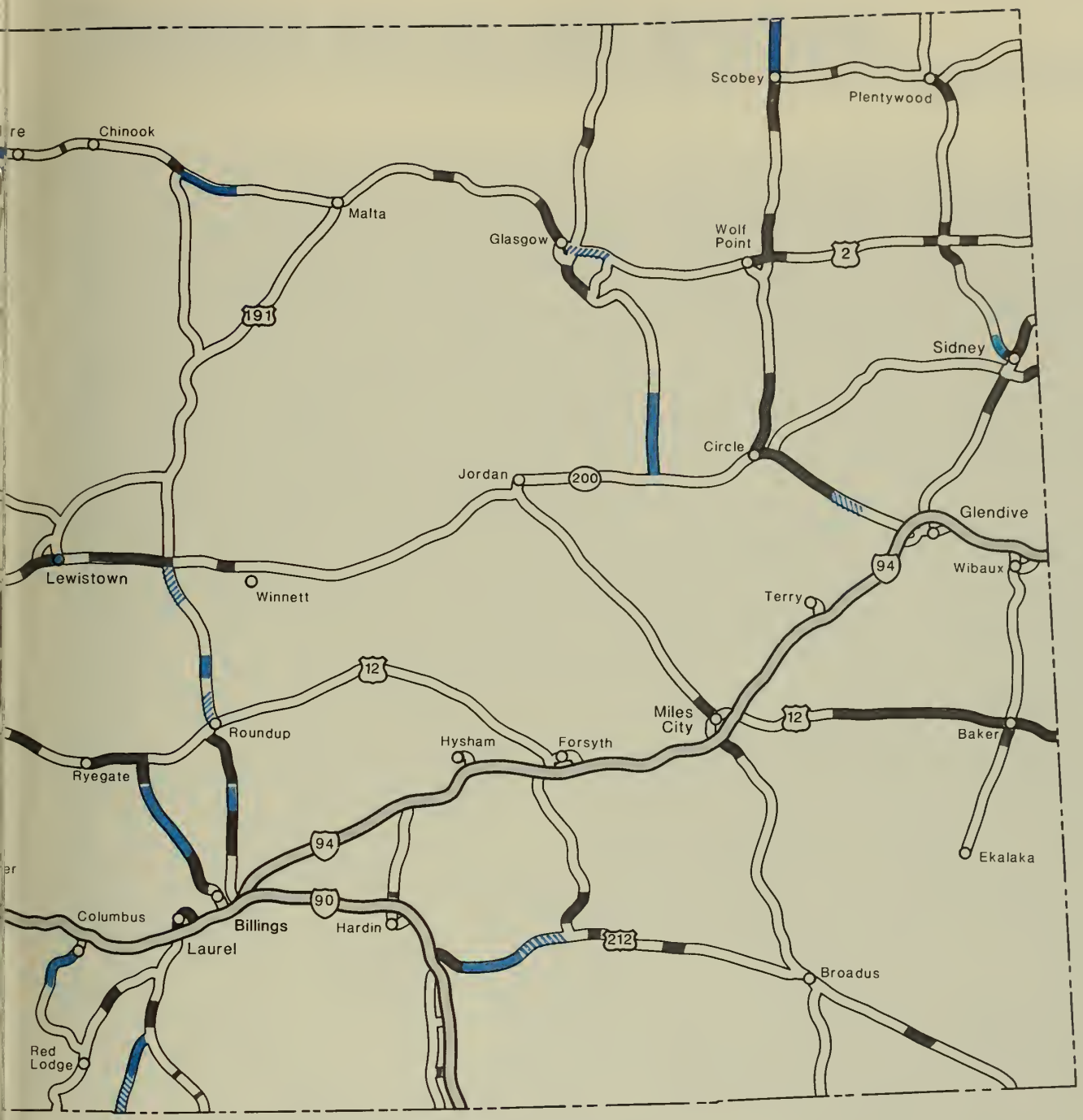


1987 Projected Revenues



1987 Projected Disbursements


Libby
Kalispell
Cut Bank
Shelby
Chester
Conrad
Choteau
Fort Benton
Great Falls
Augusta
Thompson Falls
Polson
Superior
Missoula
Helena
Deer Lodge
Philipsburg
Hamilton
Darby
Anaconda
Butte
Boulder
White Sulphur Springs
Townsend
Bozeman
Livingston
Virginia City
Dillon
15
2
200
93
89
87
90
12
287
191



MONTANA HIGHWAY PROGRAM

Major Primary System Projects

1-83 thru 6-93

- Projects Completed, Let or Scheduled
- Projects Delayed
- Projects Dropped
- Interstate
- Primary

V Highest Tax in the Nation?

The 1983 Legislature, recognizing the needs of the primary system, increased taxes by 6¢ per gallon, making Montana one of the highest fuel tax states in the nation at that time.

The legislature realized that, but also realized that Montana's highway needs were great. Most roads, 80%, were over 20 years old. Montana's reliance on highways was increasing as alternative transportation became even scarcer and federal funds simply weren't enough.

During and since the 1983 session, 35 states have raised their gas taxes. Of the 35 states, 12 have raised their rates twice. There are now five other states above 17¢-per-gallon and three other states at 17¢—the same rate as Montana.

According to a recent national survey by *Transport Topics,* Montana ranked twenty-second in the nation in total user fees paid by truckers.

Even with the 2¢ increase last August, the price of gas in Montana was well below the national average. Tax is just one of many factors affecting price.

Montana relies almost totally on highway-user revenues to fund the highway program. Except for dedication of a portion of the coal severance taxes to the RTF program, all revenues to the department are generated from gasoline and special fuels use taxes and gross vehicle weight fees and permits.

This is in contrast to many other states. For example, Wyoming's highway account receives approximately $100 million per year from various extraction taxes on coal, uranium, gas, oil and federal mineral leasing. As a result, the gas/diesel tax is only 8¢. In Montana, $100 million per year would require an additional 20¢-per-gallon tax on gasoline and diesel.

Several other states impose a percentage sales tax based on the price at the pump in addition to a tax per gallon. California, for instance, imposes a 6 percent sales tax at the pump. Many states levy a ton-mile tax on trucks. For this reason, comparing tax rates between states presents an incomplete picture.

Several states impose a sales tax on the pump price of gas. For this reason, comparing tax rates presents an incomplete picture.

Montana's present state tax of 17¢ on gas and diesel is one of the highest in the nation, and additional increases could put Montana at the top of the list. But again, if past history is any indicator, other states will soon follow.

Montana's fuel taxes support many activities in addition to the highway program. Of the current 17¢ tax, only 12¢ goes to build and maintain highways under the department's responsibility. What's more, of the 12¢ used by the highway program, during fiscal 1986 $4.4 million, or 1¢, was used to match federal-aid funds for construction on the secondary and urban systems— county roads and city streets.

For such large benefits, the cost seems relatively small. For every 1¢-per-gallon tax on gasoline, the average driver pays $7.50 per year in fuel taxes. At the present rate of 17¢ per gallon, the average driver pays $127 per year, or $10.60 per month to maintain an extensive highway system. The $10.60 per month buys plowed and sanded roads in the winter and, through the RTF program, major improvements for the roads Montanans want most. ■

Montana relies almost totally on highway user revenue to fund the highway program. (Montana Standard photo—Walter Hinick)

VI Maintaining and Protecting Our Highways

The Maintenance Program is an integral part of the department's effort to provide an efficient and safe highway system. Maintenance of Montana's highways is 100 percent state funded—no federal-aid funds can be spent on maintenance. It is essential that the other key elements of the highway program—construction, reconstruction, pavement preservation and enforcement of size and weight laws—receive adequate funding. If the pavement conditions are allowed to deteriorate over time because of inadequate funding or other factors, maintenance costs will increase substantially.

It is normal for the condition of highway pavement to deteriorate with time. Climate and traffic are continually working to weaken pavement structure and the effect becomes more pronounced as pavement ages.

Normal maintenance retards pavement deterioration and keeps pavements driveable throughout their aging process. Pavement preservation projects and overlays substantially improve the condition of highway pavement. These projects, when combined with proper maintenance, will extend pavement life.

Properly managed pavements can be maintained at no more cost than is necessary to maintain deteriorated pavement in a barely tolerable condition. It is faulty logic to think that money can be saved by deferring maintenance or by reducing the standard of maintenance on Montana's highways.

Pavements are deteriorating faster today than could be predicted when they were designed and built 30 or more years ago. Montana is not unique in this respect. The same trend toward rapid pavement deterioration is being experienced throughout the nation. Pavements on the nation's major highways are not reaching their life expectancy.

Much of this phenomenon is the result of heavy truck traffic. More trucks are hauling heavier loads allowed by state and federal law and they are riding on newly developed truck tires inflated to pressures of 125 psi or greater. This combination results in pavements needing an overlay or other construction much more frequently than originally planned.

Pavements on the nation's major highways are not reaching their life expectancy.

Since 1985, the amount of state-maintained principal highways in Montana has increased by approximately 400 lane miles due to the completion of new interstate construction and major reconstruction and widening projects on the state's primary system.

Highways and bridges are requiring repair or reconstruction more often than originally planned. (Townsend Star photo—Stan Tichenor)

The maintenance program is doing more with less:

- Installation of bulk paint storage facilities in 12 maintenance areas during 1985 will result in a 10 percent savings in paint costs. Equally as important, concerns with disposal and safety have been eliminated.
- The department is salvaging surfacing materials from reconstruction projects and recycling them for patching and resurfacing.
- New technology enables the department to straighten and reuse damaged delineator posts and guardrails.
- Newly developed materials, such as High Float Emulsified Asphalt and rubberized asphalt, have improved the quality of seal and cover and crack sealing and extended the period of resealing requirements to up to three years.
- Analysis from Maintenance Management and Equipment Management Systems has enabled the department to improve equipment utilization and maintenance and acquire more efficient and effective equipment. This increases hauling capacity and plowing ability and improves efficiency on summer and winter activities.

Protection of the state's roads from excessive wear and damage caused by overweight trucks and safety for the public through enforcement of truck dimension laws are provided by the department's Gross Vehicle Weight (GVW) program.

Mobile GVW enforcement provides more balance and comprehensive coverage on Montana's highways.

These two primary functions—protecting the highways and protecting the public—are accomplished by enforcement throughout the state. The GVW program operates 28 permanent weigh stations from 8 to 24 hours per day up to 7 days per week. Six other stations are operated intermittently and a mobile enforcement program is provided to conduct operations in areas where no weigh stations exist. The mobile enforcement program includes 37 sets of portable scales and 22 enforcement vehicles. The mobile enforcement effort has been increased to 25 percent of total enforcement hours to provide more balance and comprehensive coverage on Montana's highways.

GVW collects revenue from licenses, permits, citations and fines. Additionally, Montana is one of several states participating in the International Registration Plan (IRP), which was established to assess fees for interstate highway trucking companies. GVW administers the IRP for Montana.

GVW spent $3.2 million during fiscal 1986 on enforcement and collection programs and generated $22.6 million in revenue. ■

(Montana Department of Highways photo)

VII A Reorganized Department

The administration of the Highway Program has undergone significant change since 1981. Statutory changes in 1983, the completion of a major department reorganization begun in 1981, and the implementation of automated management information systems have modernized the department's operating environment, enabling the department and commission to make more effective use of the financial and human resources available.

The Montana Highway Commission consists of a board of five members appointed by the Governor from five districts. The commission designates the federal- aid highway system and provides advice and counsel to the department. Statutory changes in 1983 provided the commission additional authority in project selection, priority setting and fund apportionment for the primary system. The primary authorities of the commission are:

- Approve highway projects and bid lettings;
- Award all contracts on federal-aid and state highways;
- Establish speed zones on highways;
- Control or limit access to highways;
- Adopt rules and hear appeals regarding outdoor advertising on interstate and primary highways;
- Select, designate and establish priorities on construction projects; and,
- Designate levels of adequate and critical sufficiencies for distribution of funds for the federal-aid primary system.

The Montana Department of Highways has the responsibility to construct, maintain and protect the highway system. Under the administration of a Director appointed by the Governor, the department conducts the day-to-day operations and duties not expressly delegated by statute to the commission. Primary duties of the department are:

- Plan, design, construct or reconstruct, and maintain highways under the department's jurisdiction;
- Apportion construction funds to the primary, secondary and urban systems;
- Acquire property necessary for highway construction and reconstruction;
- Administer provisions of the Outdoor Advertising Act; and,
- Administer and control the gross vehicle weight of vehicles operating on highways to protect those highways.

The five field district offices supervise and administer construction, reconstruction, maintenance and contracted maintenance projects in their respective districts, perform routine roadway design activities, review construction plans, and represent the department on matters with local officials and citizens.

The five district engineers are delegated authority and responsibility to supervise all highway-related activities within their respective geographic areas.

(Montana Department of Highways photo)

The Helena headquarters function has evolved, due to reorganization begun in 1981, into primarily a policy and support function. Except for the Gross Vehicle Weight Division, which is centrally administered from Helena, the other operating divisions at headquarters develop policy, monitor operations and provide support services to the field district offices and areas.

Support divisions include:

- Centralized Services, which provides budgeting, accounting, data processing, word processing, printing, photo, purchasing and inventory control;
- Legal, which supports the right-of-way function and serves as legal counsel to the department and Commission; and,
- Personnel, which supports the recruitment, civil rights, safety and training, performance appraisal, labor relations and contract administration functions, and provides advice and assistance on all personnel matters within the department.

The department is doing more work with fewer people.

Other operating divisions provide *programmatic direction* and other support to the department's primary responsibility of building, protecting and maintaining highways:

- The Program Development Division plans all major construction and reconstruction projects for the department. Program Development manages the federal-assistance programs, coordinates pavement management and safety projects, and conducts planning and data analysis on needs, sufficiency studies and traffic. Program Development works closely with the Montana Highway Commission to set priorities.
- The Engineering Division designs roads and bridges, acquires rights-of-way, and conducts environmental impact assessments and public hearings. The division also manages the process of letting projects to bid, administers contracts after the commission awards them, tests and analyzes materials, and, in conjunction with the district offices, inspects project work for compliance with specifications. Engineering also develops and disseminates policies on engineering and construction specifications, bid and contract letting, and other areas of engineering and design.
- The Maintenance and Equipment Division plans and manages all major and routine road maintenance and snow removal and manages the department's equipment and motor pool fleet. Maintenance also develops and disseminates policies on preventive maintenance, snowplowing, striping, and rest area maintenance.

(Montana Department of Highways photo)

Management information systems have substantially enhanced the department's ability to manage its resources. In addition to enhancing budget development, administration and control, these systems provide performance-based information to monitor ongoing operations. Core systems include Construction Management, Project Management, Maintenance Management, and Equipment Management. Support systems include a Pavement Management System, which measures pavement sufficiencies and ride; a Project Scheduling System, which helps predict cash flow and budget needs based on construction scheduling; and a Consolidated Manpower Program, which assists in managing the department's human resources on a department-wide rather than a program basis.

(Montana Department of Highways photo)

(Montana Department of Highways photo)

Reorganization and use of management systems have resulted in substantial savings. For example, construction engineering (CE) costs, which include the direct cost of department staff and equipment used to supervise contractor operations during construction, have decreased from 11.7 percent of construction in December, 1983 to only 7.7 percent in December, 1985.

Overall, the department is doing more work with fewer authorized full-time equivalent (FTE) positions. In 1981 the department awarded $67.4 million in construction contracts with an authorized staffing level of 2,306 FTEs. During fiscal 1986, $154.6 million was awarded with an authorized staffing level of 2,005 FTEs, a 130 percent increase in work with a 13 percent reduction in authorized FTEs.

Due to the completion of several major interstate projects during fiscal 1987, the leveling off of the federal-aid program, the loss of the RTF program, and the 5 percent reductions acted on by the Third Special Session, the department is requesting significantly fewer FTE positions for the 1988-89 biennium. For fiscal 1989, 1,895 FTEs are requested as compared to 2,005 FTE authorized for fiscal 1986. If the RTF program is funded by the 50th Legislature, additional FTE will be necessary.

The department has implemented a comprehensive energy retrofit program in highway buildings throughout the state. In addition to funding provided from the capital improvement program budget for the energy retrofit program, the department received a $95,000 grant from the Department of Natural Resources and Conservation's Energy Division to retrofit the Billings district office complex. The department is seeking additional retrofit funding from the Energy Division program to retrofit the Great Falls district offices and from the U.S. Bonneville Power Administration to retrofit the department's oil storage tanks in the BPA service area. We expect energy consumption will be reduced by 15 percent by the end of fiscal 1989.

(Intergraph Corp. photo)

Phase I of a Computer-Aided Design and Drafting System (CADD) has been implemented within the preconstruction program in the engineering division. This system, when fully operational, will provide a powerful and efficient design and drafting tool. Full implementation of CADD will take five to seven years to complete. Phase II, an expansion of CADD into program development, right-of-way, and other applications, is planned for the 1988-89 biennium. The end result of the full implementation of the CADD system will be a more efficient, timely and flexible design process requiring fewer staff. ■

Montana Highway Program Expenditures 1982-1987* ($000)

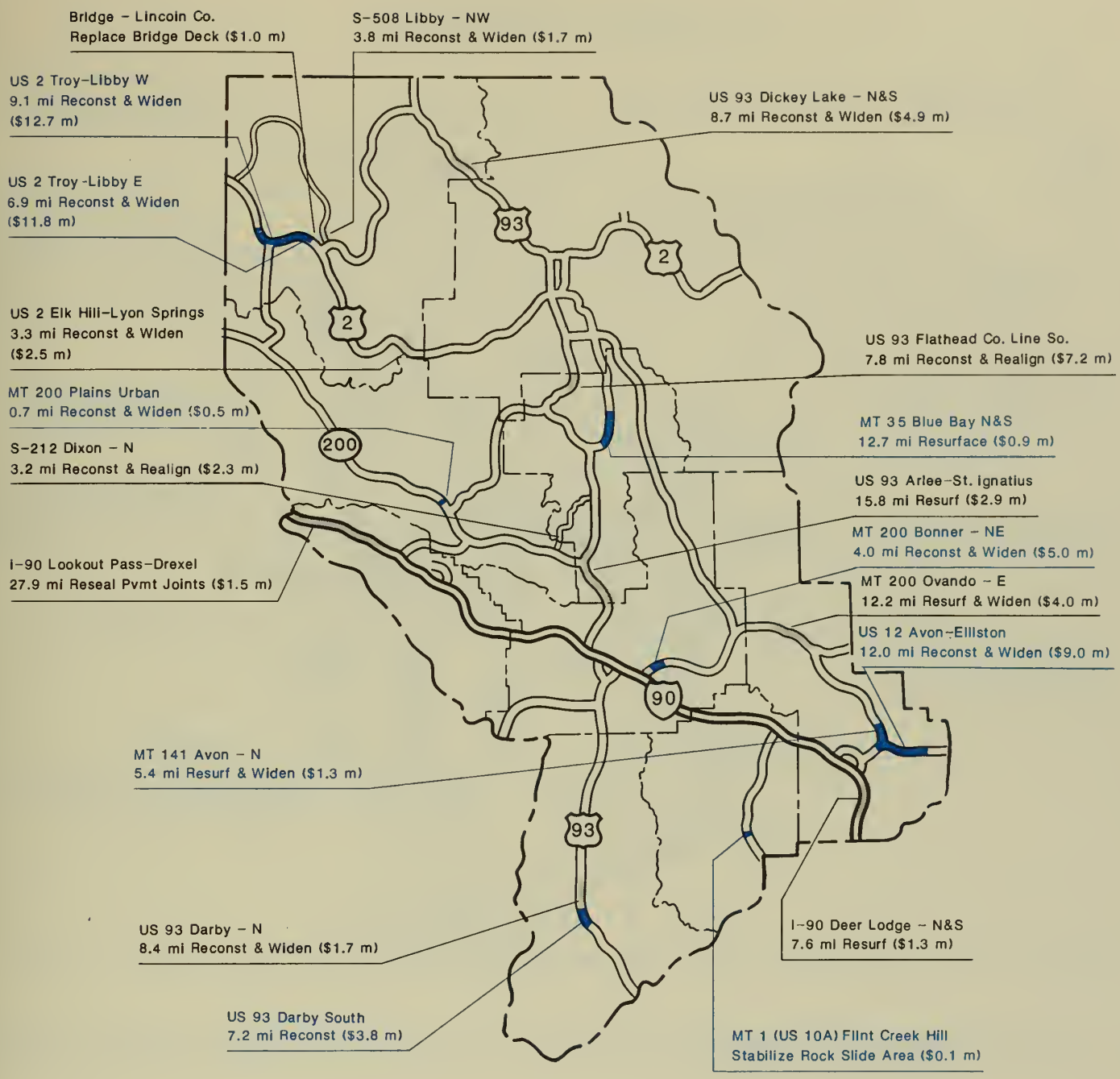
Program	1982	1983	1984	1985	1986	1987 (Proj)
General Operations	$ 5,106	$ 4,913	$ 5,641	$ 6,195	$ 6,700	$ 7,032
Gross Vehicle Weight	2,287	2,674	2,899	3,011	3,205	3,388
Construction	84,367	105,353	132,113	167,726	191,927	164,058
Maintenance	34,387	38,057	37,388	41,662	41,547	39,176
Preconstruction	10,526	10,876	10,755	11,506	11,489	10,655
Equipment	2,816	2,179	3,003	2,524	2,910	2,247
Buildings	678	796	838	1,013	1,379	1,380
Transfer to other Agencies	12,269	13,902	21,133	21,378	21,852	24,256
Bond Expenditures	-0-	-0-	5,306	4,898	14,127	15,975
Totals	$152,436	$178,750	$219,076	$259,913	$295,136	$268,167

* Excludes all revolving funds.

(Missoulian photo—Kurt Wilson)

THE 1988-89 HIGHWAY PROGRAM

The maps that follow show major projects planned for the 88-89 biennium. Projects shown in blue represent work that was planned, but delayed or dropped based on inadequate funding.



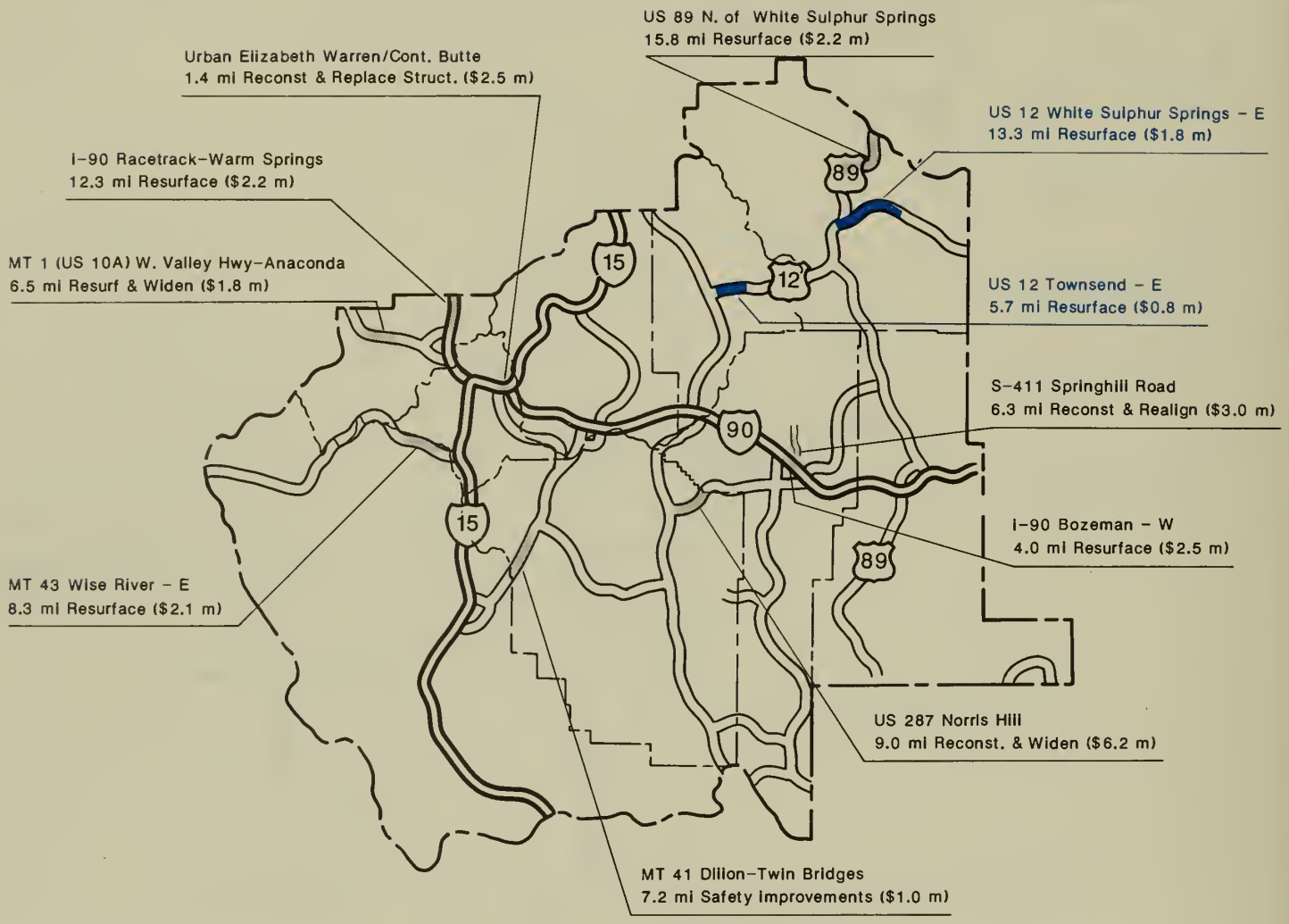
21 projects costing under $1 million each consisting of Fence Replacement, Rehabilitation of Interchanges, Rehabilitation and Replacement of Bridges, Correct Slide Problems and other Safety Projects.

HIGHWAY PROGRAM
FINANCIAL DISTRICT 1

Legend

PROJECTS SCHEDULED

PROJECTS DROPPED



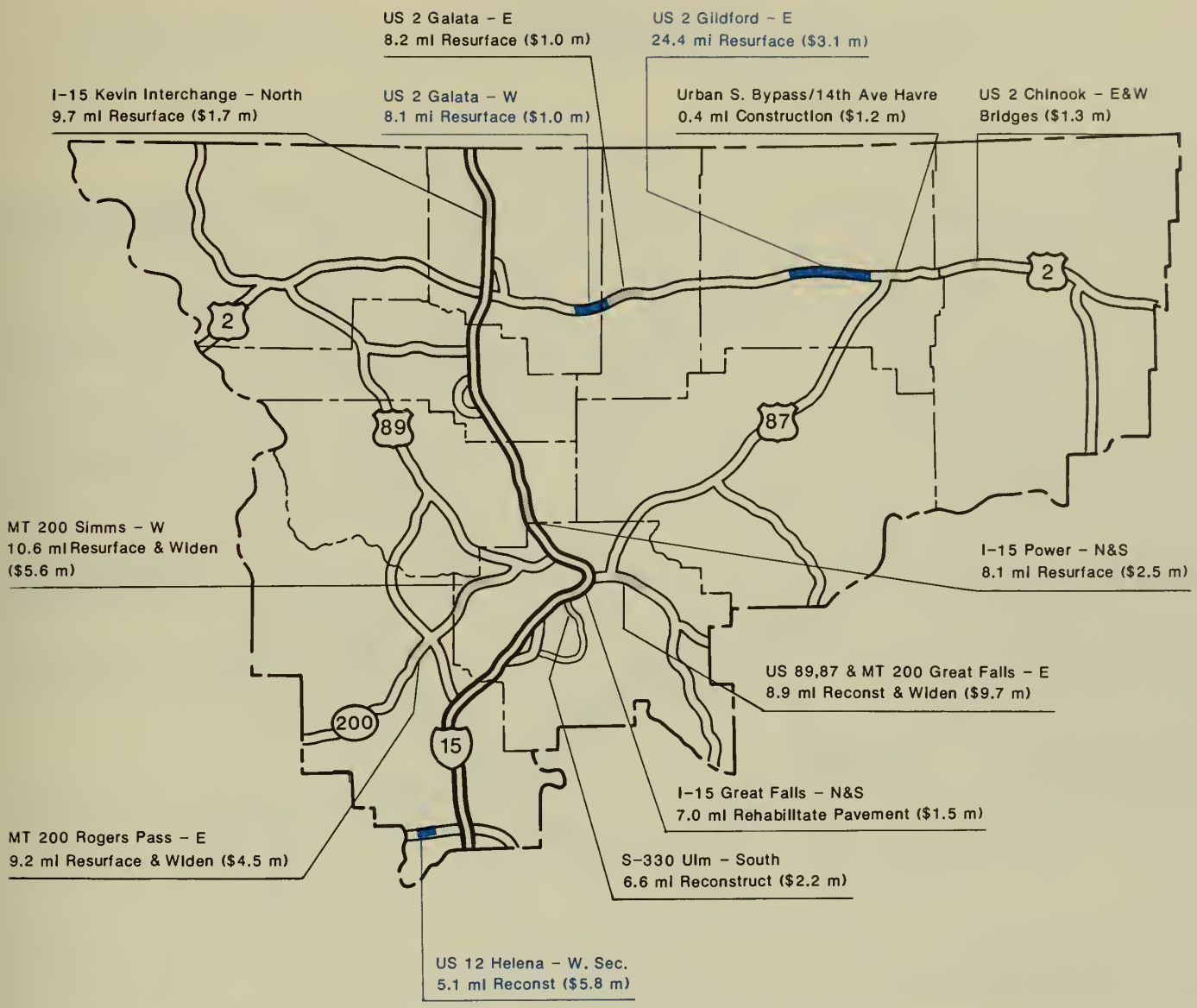
10 projects costing under $1 million each consisting of Signing, Resurfacing, Safety Improvements, and Rehabilitation and Replacement of Bridges.

HIGHWAY PROGRAM
FINANCIAL DISTRICT 2

Legend

PROJECTS SCHEDULED

PROJECTS DROPPED



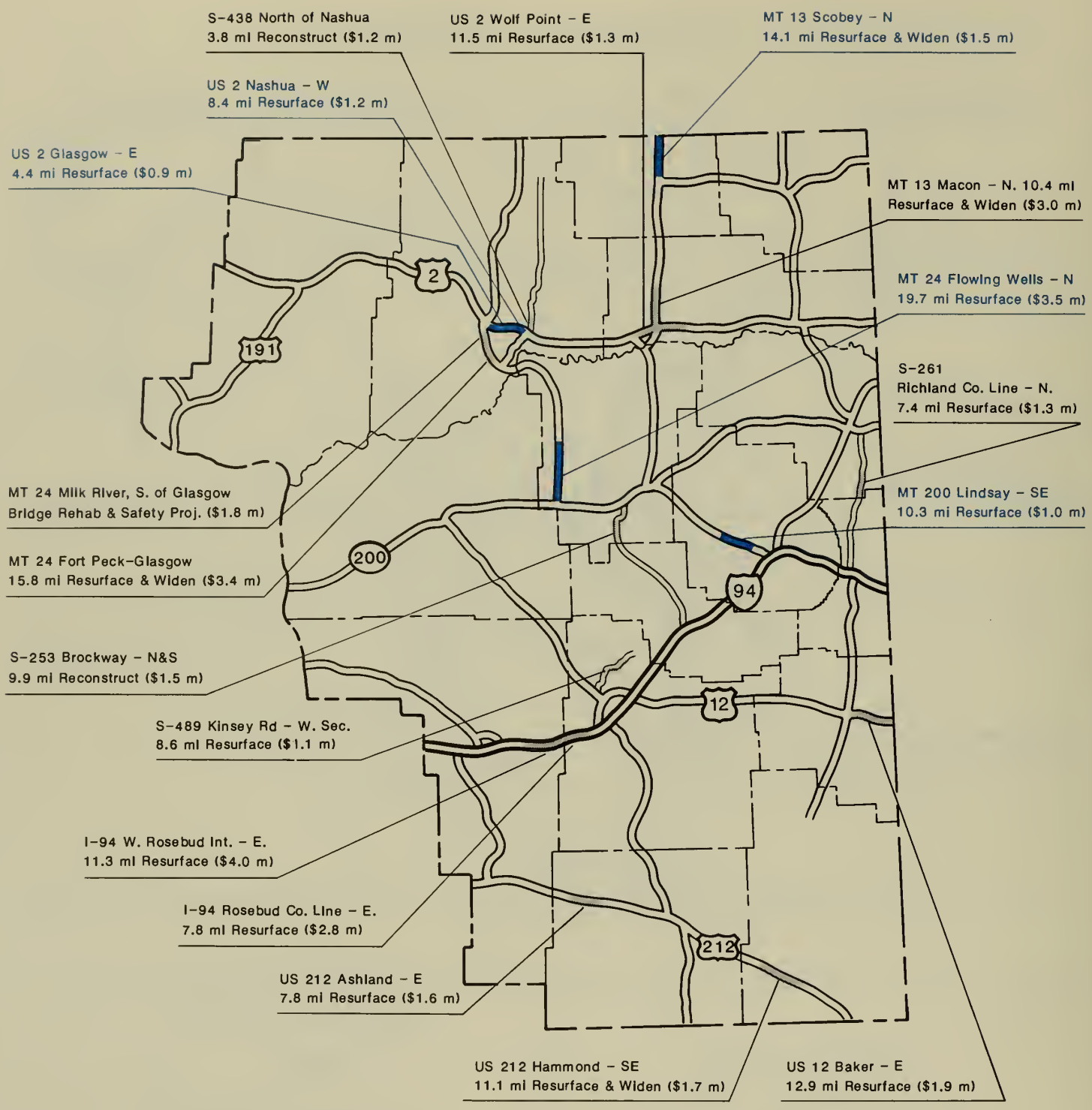
16 projects costing under $1 million each consisting of Safety Projects, Resurfacing, Signals, Signing and Rehabilitation and Replacement of Bridges.

HIGHWAY PROGRAM
FINANCIAL DISTRICT 3

Legend

PROJECTS SCHEDULED

PROJECTS DROPPED



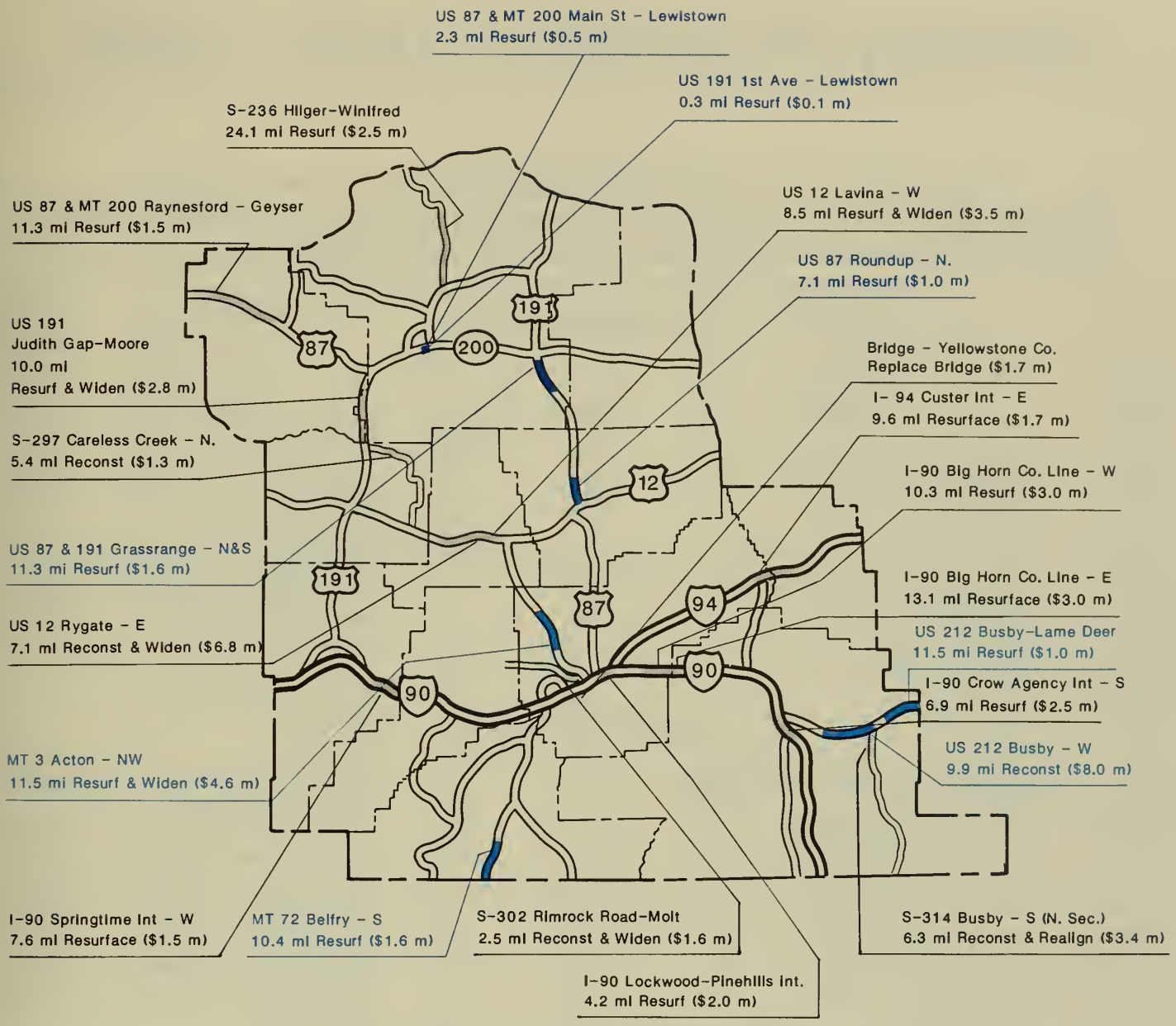
18 projects costing under $1 million each consisting of Resurfacing, Signing, Safety Projects, Rehabilitation and Replacement of Bridges and Urban Street Resurfacing.

HIGHWAY PROGRAM
FINANCIAL DISTRICT 4

Legend

PROJECTS SCHEDULED

PROJECTS DROPPED



15 projects costing under $1 million each consisting of Signals, Replace Fencing, Resurfacing, Urban Street Resurfacing and Rehabilitation

HIGHWAY PROGRAM
FINANCIAL DISTRICT 5

Legend

PROJECTS SCHEDULED

PROJECTS DROPPED

Primary Program — 1990 - 1993

These lists represent work planned on the primary system through the end of the 10 year RTF program (see map on pages 17-18). Projects shown in blue represent work that was planned, but delayed or dropped based on inadequate funding.

Financial District 1

Route	Location	Miles	Est. Cost ($ Mil)	Scope of Work
US 93	Fortine - N	5.2	3.1	Reconstruct
US 93	Eureka - S	4.0	3.8	Reconstruct
US 2	Troy-Libby E	6.9	11.8	Reconstruct
MT 200	Bonner - NE	4.0	5.0	Reconstruct
MT 200	Perma - Dixon	18.4	7.9	Reconstruct
MT 200	Paradise - E	7.8	4.7	Reconstruct
US 2	McGregor Lake - E&W	9.0	2.3	Resurface and Widen
US 2	Happy's Inn - E&W	11.5	3.8	Resurface
MT 200	Thompson Falls - E	4.7	1.0	Resurface and Widen
MT 200	Helmville Jct - E	9.8	2.0	Resurface and Widen
US 2	Marion - W	9.8	1.7	Resurface
US 2	Troy - W	13.9	2.0	Resurface
US 2	NW of Troy - Yaak & Kootenai Rivers	0	2.4	Bridge Replacement
MT 35	Flathead River Bridge	0	3.3	Bridge Replacement
MT 200	Clark Fork SE of Paradise	0	4.9	Bridge Replacement
US 93	Ravalli Weigh Station	0	0.5	Construct New Weigh Station
	Primary Projects Eliminated or Delayed due to lack of RTF Funding			
MT 200	Thompson Falls - E&W	1.5	1.5	Reconstruct
MT 200	Plains - Urban	0.7	0.5	Reconstruct
MT 200	Greenough Hill - N	4.0	3.1	Reconstruct
MT 35	Creston - N&S	14.8	7.0	Reconstruct
US 2	Troy-Libby W	9.0	12.7	Reconstruct
MT 200	Dixon-Ravalli	7.3	5.3	Reconstruct
US 93	Darby - S	7.25	3.8	Reconstruct
US 12	Avon - Elliston	12.0	9.0	Reconstruct
MT 200	Clearwater Jct. - W	5.1	3.1	Reconstruct
US 2	12 Mi SE of Libby	11.7	7.5	Reconstruct
US 93	Kalispell-Whitefish	10.5	11.9	Reconstruct
US 93	Somers - Kalispell	7.5	7.5	Reconstruct
US 93	Pablo - Polson	8.3	8.3	Reconstruct
US 2	Kalispell - NE	4.6	4.3	Reconstruct
MT 35	Blue Bay - N&S	14.7	0.9	Resurface
MT 83	Seeley Lake-Lake Inez	8.4	1.3	Resurface and Widen
MT 141	Avon - N	5.4	1.3	Resurface
MT 83	Bigfork - E	8.5	1.2	Resurface
MT 1 (US 10A)	Flint Creek Hill	0	0.1	Slide Correction
US 93	Spokane Ave & 2nd St, Whitefish	0	0.1	Intersection Improvement

Financial District 2

Route	Location	Miles	Est. Cost ($ Mil)	Scope of Work
MT 287	Silver Star - N&S	7.0	3.5	Reconstruct
US 287	Norris-Harrison	9.5	4.0	Reconstruct
US 191	Bozeman - W	5.3	5.3	Reconstruct
US 287	Ennis - N	6.3	1.6	Resurface and Widen
US 12	Townsend - E	5.7	0.8	Resurface
US 12	White Sulphur Springs - E	6.3	0.8	Resurface
MT 43	15 Mi. NE of Wisdom - NE	9.4	1.9	Resurface and Widen
MT 41	Dillon - N	7.1	3.0	Resurface and Widen
MT 41	Jefferson R. N of Twin Bridges	——	1.5	Bridge Replacement
	Primary Projects Eliminated or Delayed due to lack of RTF Funding			
MT 86	Battleridge Pass - N&S	6.0	4.0	Reconstruct
US 89	Emigrant Rest Area	0	0.1	Rest Area Rehabilitation

Financial District 3

Route	Location	Miles	Est. Cost ($ Mil)	Scope of Work
US 12	Helena - W	5.1	3.8	Reconstruct
US 87	Loma - N	10.1	5.4	Reconstruct
MT 200	Lincoln - E&W	7.9	1.6	Resurface and Widen
US 2	Browning - Cut Bank	22.5	8.0	Resurface and Widen
MT 200	Helmville Jct - E	2.4	0.5	Resurface and Widen
US 2	Galata - W	8.1	1.0	Resurface
US 2	1st St & 4th Ave, Havre	0	0.1	Signals
	Primary Projects Eliminated or Delayed due to lack of RTF Funding			
US 2	Browning - E&W	6.0	8.7	Reconstruct
MT 44	Valier - E	13.6	7.9	Reconstruct
US 87	Loma - Big Sandy	9.7	5.2	Reconstruct
US 2	Fort Belknap - E	16.5	5.5	Reconstruct
US 87	Big Sandy - N&S	16.3	7.7	Reconstruct
US 2	Gildford - E	24.4	3.1	Resurface
US 89/87	Armington Jct Rest Area	0	0.2	Rest Area Rehabilitation
MT 80	SE of Fort Benton	0.1	1.9	Slide Correction

Primary Program — 1990 - 1993

Financial District 4

Route	Location	Miles	Est. Cost ($ Mil)	Scope of Work
MT 16	Sidney - NW	1.5	1.0	Reconstruct
US 212	4 Mi. E of Lame Deer - E	8.0	4.6	Reconstruct
MT 13	9 Mi. N of Circle - N	8.0	3.5	Reconstruct
MT 16	S of Culbertson	8.6	3.8	Reconstruct
MT 13	17 Mi. N of Circle - N	11.6	5.0	Reconstruct
US 2	Nashua - W	8.2	1.2	Resurface
US 2	Glasgow - E	4.4	0.9	Resurface
MT 200	Lindsay - SE	10.3	1.0	Resurface
US 12	Plevna - Baker	12.6	3.5	Resurface and Widen
US 2	Glasgow - W	12.0	3.6	Resurface and Widen
MT 7	Baker - S	6.1	2.2	Resurface and Widen
MT 13	S. of Wolf Point-Missouri River	0	5.4	Bridge Replacement
MT 23	SE of Sidney-Yellowstone River	0	5.4	Bridge Replacement

Primary Projects Eliminated or Delayed due to lack of RTF Funding

MT 16	NW of Sidney	16.7	3.5	Resurface and Widen
MT 13	Scobey - N	14.1	1.5	Resurface and Widen
MT 24	Flowing Wells - N	19.7	3.5	Resurface

Financial District 5

Route	Location	Miles	Est. Cost ($ Mil)	Scope of Work
US 87	Roundup - S	1.8	0.9	Reconstruct
US 12	Roundup - W	1.1	0.6	Reconstruct
US 87	Billings - N	9.6	5.9	Reconstruct
MT 3	Billings - NW	10.2	6.9	Reconstruct
US 191	Eddies Corner - S	10.4	3.1	Resurface and Widen
US 87	Grassrange - N&S	11.3	1.6	Resurface
US 87/ MT 200	Mocassin - E&W	10.6	3.3	Resurface and Widen
US 212	Busby - Lame Deer	11.5	1.7	Resurface
MT 72	Belfry - S	10.4	1.6	Resurface
US 87	Roundup - N	7.1	1.0	Resurface
US 191	Big Timber - N	7.3	1.9	Resurface and Widen
US 212/ 310	SE of Laurel, Yellowstone River	0	4.4	Bridge Replacement
US 87	East Bridge - Billings	0	6.6	Bridge Replacement
	Primary Projects Eliminated or Delayed due to lack of RTF Funding			
US 87	Yellowstone Co. Line-N&S	6.2	2.9	Reconstruct
MT 78	Absarokee-Columbus	18.6	12.3	Reconstruct
MT 3	Broadview - S	6.3	3.2	Reconstruct
US 87	12 Mi. N of Roundup - N	8.7	3.9	Reconstruct
MT 72	Belfry - N	11.1	4.5	Reconstruct
MT 3	Broadview - N	6.3	3.5	Reconstruct
US 212	Busby - E&W	8.4	8.0	Reconstruct
US 212	Busby - W	9.9	8.0	Reconstruct
MT 3	Acton - NW	11.5	4.6	Resurface and Widen
US 191	First Ave - Lewistown	0.3	0.1	Resurface
US 87/ MT 200	Main Street - Lewistown	2.3	0.5	Resurface

PROJECT EXCEPTION REPORT

Projects which had been scheduled for State Fiscal 1986 in the 1985 Legislative Report but were delayed.

Location	System and Scope of Work	Reason
I-90, St. Regis - E&W	Interstate, Concrete Paving	Project was delayed to get additional life from existing pavement. Let in 9/86.
I-15, Lima - Red Rock	Interstate, Resurfacing	Project was delayed due to reduction in federal obligation authority. Now unscheduled.
I-94, Terry - East	Interstate, Resurfacing	Project was delayed due to reduction in federal obligation authority. Scheduled for 10/86 letting.
I-90, Laurel - E&W	Interstate, Resurfacing	Project was delayed due to reduction in federal obligation authority. Now unscheduled.
US 2, Kila - E&W	Primary, Resurfacing and Safety Improvements	Project delayed because of scope of work change required by FHWA in 1986.
MT 83, Seeley Lake - Lake Inez	Primary, Resurfacing	Project delayed because of problems with US Forest Service on tree removal.
US 287, Norris Hill	Primary, Reconstruction	Project delayed due to lack of RTF funding.
US 87, Great Falls - North	Primary, Resurfacing	Project delayed for 1986 due to design and right-of-way problems. Currently scheduled for Fiscal 87 letting.
MT 23, Sidney Bridge - East	Primary, Reconstruction	Project was delayed due to utility relocations. Project let in Fiscal 87.
MT 22, Miles City - NW	Primary, Resurfacing	Project delayed due to lack of sufficient federal primary fund availability.
MT 24, Flowing Wells - North	Primary, Resurfacing	Project delayed due to lack of RTF funding.
US 2, Saco - East	Primary, Resurfacing	Project delayed due to increased scope of work.
US 87, Klein - South	Primary, Resurfacing	Project delayed due to lack of sufficient federal primary fund availability.
US 310, Laurel - Mossmain	Primary, Resurfacing	Project delayed due to right-of-way problems. Project let in Fiscal 87.

Projects which were let to contract in State Fiscal 1986 but were not included in 1985 Legislative Report for State Fiscal 1986

I-15, Butte - North	Interstate, Construction of additional 2 lanes	Project was scheduled for Fiscal 1985 but was delayed due to right-of-way problems. Project let 7/85.
I-90, Springdale - West	Interstate, Construction of additional 2 lanes	Project was scheduled for Fiscal 1985 but was delayed due to right-of-way problems. Project let 7/85.
I-90, Sloway - Superior	Interstate, Concrete Paving	Project was scheduled for Fiscal 1985 but was delayed and let in Fiscal 86. Decided to get additional life from existing pavement.
I-90, Lodge Grass - North	Interstate, Final Surfacing	Project was scheduled for Fiscal 1985 but was delayed and let in Fiscal 86. Decided to get additional life from existing pavement.
I-94, Glendive - E&W	Interstate, Concrete Overlay	Project let on schedule but bids rejected due to being too high. Project was let and awarded 10/85.
I-90, Park City - West	Interstate, Resurfacing	Project advanced into Fiscal 86 due to poor condition of the roadway.
US 93, Post Creek - Ronan	Primary, Resurfacing	Project was scheduled in Fiscal 87 but was advanced and let in Fiscal 86.
MT 1 (US 10A), West of Anaconda	Primary, Resurfacing	Project was scheduled in Fiscal 87 but was advanced and let in Fiscal 86.
MT 200, Sidney - Fairview	Primary, Reconstruction	Project was scheduled for Fiscal 1985 but was delayed due to right-of-way problems. Project let 8/85.
US 93, Elmo - Rollins	Primary, Reconstruction	Project was scheduled for Fiscal 1985 but was delayed due to right-of-way problems. Project let 4/86.
S-381, Goulding Creek Road	Secondary, Reconstruction	Project delayed due to right-of-way and utility problems. Project let 8/85.
S-223, Chester - South	Secondary, Resurfacing	Project was scheduled for 2/85 but was delayed because additional design time was needed. Project let 11/85.
S-552, Sunburst - East	Secondary, Resurfacing	Project scheduled for Fiscal 87 but was advanced and let in 11/85 due to receipt of additional federal obligation authority.

Projects which had been scheduled for State Fiscal 1986 in the 1985 Legislative Report but were let to contract in State Fiscal 1985

US 87, Box Elder - Havre	Primary, Resurfacing and Widening	Project was advanced and let in 6/85.

Projects which had been scheduled for State Fiscal 1987 in the 1985 Legislative Report but were delayed or dropped.

Location	System and Scope of Work	Reason
MT 83, Seeley Lake - Lake Inez	Primary, Reconstruct	Dropped due to lack of RTF funding.
US 2, Marion - West	Primary, Resurface	Delayed due to lack of RTF funding.
US 93, Whitefish Intersection	Primary, Intersection Improvement	Dropped due to lack of RTF funding.
MT 83, Big Fork - East	Primary, Resurface	Dropped due to lack of RTF funding.
US 12, Helena - West	Primary, Reconstruct	Delayed due to lack of RTF funding.
US 2, Nashua - West	Primary, Resurface	Delayed due to lack of RTF funding.
MT 200, Potomac - West	Primary, Reconstruct	Delayed due to right-of-way problems. Now scheduled for Fiscal 1988.
MT 200, Clearwater Jct. - East	Primary, Resurface and Widen	Delayed due to right-of-way and utility problems. Now scheduled for Fiscal 1988.
US 93, Flathead Co. Line - South	Primary, Reconstruct	Delayed due to alignment change and right-of-way problems. Now scheduled for Fiscal 1989.
US 87, Great Falls - East	Primary, Reconstruct	Delayed due to right-of-way and utility problems. Now scheduled for Fiscal 1988.

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